



REFERENCE

MODERN

BOOK-KEEPING AND ACCOUNTS

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FREDK. HOOPER and JAMES GRAHAM

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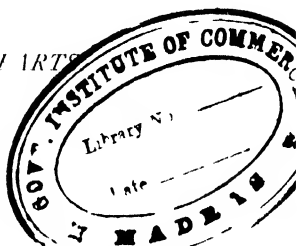
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# Modern Book-keeping and Accounts

*IN THREE PARTS*



BY

WILLIAM ADGIE, F.C.A.

**REFERENCE**

Part I: Elementary

MACMILLAN AND CO., LIMITED  
ST MARTIN'S STREET, LONDON

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52

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2064

6

52

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## PREFACE

The value of a systematic study of Book keeping and Accounts as a part of any adequate scheme of Commercial Education, is now generally recognised. The chief difficulty in connection with the conveying of Instruction in this subject is that many Teachers, however skilled in the Art of Teaching, have not that *practical* acquaintance with this particular work which is gained by those who are engaged in the conduct of actual business operations.

During the past few years the writer has conducted Training classes for Teachers of this subject, under the Technical Instruction Department of the County Council of the West Riding of Yorkshire, and in these courses the special object has been to bring the Teachers to closer contact with real commercial transactions, and the proper mode of treatment in Books of Account. The present work, which is prepared from the lectures delivered, with the addition of new matter, is intended chiefly to be used as a Text-book in Schools and Evening Classes. The writer trusts that it may also be of use to the Clerk and to those who are interested in Accounts.

W. A

LEEDS, October, 1901

## INTRODUCTORY NOTE

This book is issued as part of our series of "Modern Manuals of Commerce." Our aim in producing this series is to provide books which while thoroughly educational, if regarded as a means of training of a specialist type, are at the same time practical in character and adapted for the use of commercial students and persons actually engaged in business.

In these manuals details are referred to general principles and there is throughout a sufficient working of problems to ensure that pupils shall have a *real* grasp of the subject.

In the present instance, the sole intention is to teach book-keeping and Accounts on educational lines and from a business point of view, there being no inclination towards a particular examination. We believe, however, that any student who has systematically worked through this book in its entirety will understand the theory and practice of book-keeping, and would be able to pass *any* examination in the subject, and be readily to qualify to undertake, or effectively supervise, the keeping of the books of account of any business house—the main principles of book-keeping being the same in every business situation occurring only in matters of detail.

Members of the teaching profession will notice (1) that the exercises are carefully graded so as to introduce the student systematically to the methods of correctly recording commercial transactions of gradually increasing complexity, (2) that each exercise is such as will admit of its being completed in class, or at the interval between class meetings, and (3) that the increase in length of exercise is uniform throughout—very important considerations in the class-room.

FREDK HOOPER,

*Secretary, Bradford Chamber of Commerce*

JAMES GRAHAM,

*Inspector for Commercial Subjects and Modern Languages to the West Riding County Council.*

**Part I (ELEMENTARY)** assumes on the part of the Student knowledge of Books of Account it proceeds from the explanation of common terms, of the meaning of Transactions, and the simple forms, to an examination of the Theory of Double Entry, and the practical application thereof in an ordinary set of books, leading up to the preparation of the Balance Sheet

**Part II (INTERMEDIATE)** will include explanations of more complex transactions, including Bills of Exchange, Books of Limited Liability Companies, Partnership Accounts, and further examples of Trial Balances, Balance Sheets, &c, together with illustrations of approved modifications of the Sales, Purchase and Cash Books, and the sub-division of the Ledger

**Part III (ADVANCED)** will contain special arrangements of the Trading Account, and will deal with Reserve Funds, Sinking Funds, Depreciation, Cost Accounts, Departmental and Branch accounts, Sectional Balancing, &c, and also examples of specially arranged systems of Book-keeping for various businesses

The following observations are intended simply to convey to the mind of a *young* Student of this subject some idea of the meaning of ordinary business operations, in order that the general terms and phrases to be met with may not be altogether strange to him

For the purpose of carrying on any business, a person requires, in addition to the important qualifications of *skill*,



monetary value and which is called his CAPITAL. It is true that persons have commenced and carried to a successful issue business undertakings without being at the outset possessed of anything beyond the proverbial "half-crown!" In such cases the requisite money (or property) is provided by some other person and the Trader is said to commence with "*borrowed Capital*," but really the Capital belongs to the *lender*, and the Trader's capital is *nil*.

Take the simple example of a person who is the fortunate recipient of a legacy of £1,000, and who, having gained the requisite practical knowledge of some branch of Trade, decides to commence business on his own account. His first step will be to place the money in safety by handing it to a Banker, i.e., he *opens a Banking Account*. Next, he must provide himself with suitable *Business Premises* (Shop, Warehouse, &c.). He will either *purchase* the premises or take them at an annual *Rent*, thereby becoming the *Tenant*. In purchasing the premises he may either pay the whole price at once, *or* he may pay only a portion (say one-third) and *owe* the remainder. In the latter event he will pay an agreed rate of *Interest* on the remainder and will also give as security a document called a *Mortgage Deed*, which has the effect of enabling the person to whom the money is owing to sell the property to somebody else (in case the Trader is unable to repay the amount when it is due) and pay himself out of the proceeds.

Immediately the Trader begins to *occupy* the Premises, either *Owner* or *Tenant*, he becomes liable to the *local authority* (Municipal Corporation, or District or Urban Council, &c.) for *Rates*, and *Owner* he will become also liable for *Taxes*.

He will proceed to equip the premises with the necessary

then purchase the *commodities* in which he deals, described *Goods*. As a prudent man he should immediately protect himself against risk of *loss by Fire* by taking out a *Fire Insurance Policy* covering his Stock of Goods, Fixtures, &c. (If he is the Owner of the premises he will insure them also.)

By this time he will probably have found it necessary to engage the regular services of one or more assistants, and he thereby becomes responsible for their *Wages or Salaries*. He may call attention to his new venture by means of *advertisements*, and may engage persons, *Travellers*, to call upon probable *customers* with *samples* of the goods which he has for sale.

We are assuming that our *Trader* is a *Merchant*, i.e., that he buys and sells the goods in the same condition and does not *make or manufacture* articles. His trade may be *Wholesale*, i.e., supplying goods only to customers who will sell them again; it may be *Retail*, i.e., supplying goods direct to consumers. His trade may also be of *both* classes.

If he wishes to do business in a distant town, without incurring the expense of sending a *Traveller*, he may employ an *agent*—a person residing in that district who will sell goods for him and will charge, by way of remuneration, a percentage upon the total business done—called *Commission*.

Unfortunately it may be that goods are sold to a customer who *fails* to pay for them, and who becomes *insolvent*. In this case the trader will receive his share of whatever the customer's *estate* will realise (*dividend*), and the remainder is a *Bad Debt*, i.e., a *loss*.

At the end of six or twelve months the *Trader* will ascertain his financial position by *Taking Stock* and preparing a *Balance Sheet*, as explained in the following pages. At this date his

perations, such increase (apart from any *new* capital he may have introduced, or any sums he may have *withdrawn*) being *Nett Profit*. Conversely if his Capital has decreased (apart from sums withdrawn), such decrease is the *Nett Loss* for the period.

By keeping accurate accounts he will be able to ascertain the amount of his *Gross* and *Nett* profit (or loss) and to keep a check upon the working expenses of his business. He can discover if he is selling goods too cheaply, and also judge as to the advisability of launching out into fresh enterprises. Good book keeping will tend to facilitate the prompt collection of money due to him, and the punctual discharge of his liabilities, the husbanding of his resources and the regulation of his *private* expenditure in due proportion to the *earnings* of his business.

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# CHAPTER I

## DEFINITIONS AND FORMS

The Student is recommended to commence work with Chapter II, and to refer, as occasion may require, to the definitions and examples shown in this Chapter

*Assignment* A Transfer of Property from one person to another by means of a legal document or Deed The term usually refers to the case of a person who is unable to pay his debts, and who transfers all his property to his creditors, who are represented by a trustee who distributes the amount realised by the sale of such property

*Audit* An examination or scrutiny of books of account

*Bad Debt* Loss incurred by the failure of a person, firm, or company to pay twenty shillings in the £

*Bankrupt* An insolvent person whose affairs are wound up in the Bankruptcy Court by legal process

*Book keeping* The art of recording pecuniary transactions in a regular and systematic manner, the art of keeping accounts in such a manner as to give a permanent record of business transactions, from which the true state or history of one's pecuniary affairs or mercantile dealings may at any time be ascertained — *Century Dictionary*

*Broker* — An agent who negotiates on behalf of others the purchase or sale of property of any kind

*Business* Mercantile pursuits collectively, employment requiring knowledge of accounts and financial methods, the occupation of conducting trade or monetary transactions of an industrial kind — *Century Dictionary*

*Commission* — Remuneration for services rendered, based upon a percentage of the amount of business transacted

*Consignment* — (1) The placing of goods in the hands of an agent for sale

(2) The despatch of goods to a Railway Company for delivery to the customer

*Demurrage* - A charge made by a Railway Company for delay of railway wagons beyond a stipulated time. The term is also applied to the charge for detention of a vessel.

*Depreciation* --The amount by which the value of an asset has decreased during any given period.

*Dividend* (1) The distribution to shareholders (at the rate of so much per cent upon the shares) of the profit of a Company.

(2) Interest upon Government Stocks.

(3) The distribution to creditors of the assets of an insolvent person, firm, or Company, at the rate of so much in the £ upon their claims.

*Factor* - An agent who has in his possession goods for sale on behalf of other persons. The name is frequently used, however, by *merchants* dealing with their own goods.

*Firm* --Persons who have entered into partnership with one another are called collectively a "firm."

*Goodwill* --The estimated value of the probability of a continuance of dealings with customers of a trader. The value consists in the right to trade under a particular name or style.

*Gross Profit* - The surplus realised by the sale of an article after deducting the cost price of (a) the article, or (b) the raw material and cost of labour expended to produce the finished product.

*Insolvent* - The pecuniary condition of a person whose liabilities exceed his assets.

*Lease* --A legal document containing an agreement for the temporary use of land or buildings for a fixed period.

*Limited Company* --An association of individuals formed in accordance with the Companies Acts, carrying on business, the liability of each person being limited to the amount unpaid in respect of the shares which he holds.

*Nett Profit* - The surplus remaining after deducting from the Gross Profit all expenses of the business.

*Premium* --(1) A payment to an Insurance Company for risk undertaken.

(2) A payment to an employer by his pupil.

(3) The excess of the market price of any stocks or shares

*Principal* —A sum of money invested, lent, or borrowed (distinguished from the interest thereon)

*Revenue* —The nett surplus of earnings after deducting expenditure incurred in connection with the conduct of Trade operations

*Royalty* —(1) The annual sum payable to the owner for the right to extract minerals from his land

(2) The sum payable to the owner of a patent for permission to make use of his invention

*Voucher* —A document containing evidence of the payment of Cash or of the delivery of goods or property of any kind

## FORM OF ORDER BOOK FOR ORDERS ISSUED

Telegrams ' Wheels Chesterfield

Telephone No 1234

No 234

### ORDER

From WHEELS & BARNES,

Midland Works, Chesterfield

Date

1901

To M

(Address)

Please deliver the following goods —

.....

..

Signed

NOTE —No Goods to be supplied without a written Order An Invoice to be sent same day for all goods delivered

Tissue duplicates of this form are interleaved in the Order Book, and an entry of the Order is taken on the duplicate form by using a carbon



# FORM OF DELIVERY BOOK

Telegrams "Thistle Armley

## IRONFOUNDRY DEPARTMENT

Scotch Foundry, Armley,

Leeds, 1901

*Please receive from*

WILSONS & MATHIESENS, Limited,

\*and forward to

Mark

Carrriage Paid by

| Tons | cwts | qrs | lbs |
|------|------|-----|-----|
|      |      |     |     |

To

Signed

Received by

# INVOICE

Empress Foundry,

Leeds, 27th June, 1901

Messrs ALLENBURY, BOUGHTON & Co ,

Contractors, Northampton

*Bought of* THE IMPERIAL FOUNDRY CO LTD

|  |   | Weight |   |    | Price  | £  | s  | d |
|--|---|--------|---|----|--------|----|----|---|
|  |   | c      | q | lb |        |    |    |   |
| 5                                      | No 1 Baths, 5 ft 6in<br>Japanned Sienna, with<br>overflow |        |   |    | 25/ ea | 6  | 5  | 0 |
|  | Covers and Irons for ditto                                |        |   |    |        | 2  | 0  | 0 |
| 0                                      | Desk Standards, No 211                                    | 5      | 3 | 14 | 8/ cwt | 2  | 7  | 0 |
| 2                                      | Round Tables, fitted and<br>bronzed                       |        |   |    | 7/6 ea | 4  | 10 | 0 |
| 5                                      | No 70 Kitchen Mantles                                     |        |   |    | 9/- ea | 2  | 14 | 0 |
| 2                                      | 24 x 30 Skylights   |        |   |    | 6/ ea  |    | 12 | 0 |
| 3                                      | 10 x 10 Gully grates and<br>Frames                        |        | 2 | 7  | 9/ cwt |    | 5  | 1 |
|  |   |        |   |    |        | 18 | 13 | 1 |
| Per Mid Rly<br>Carriage Paid Co's Risk |   |        |   |    |        |    |    |   |

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Liverpool, 28th June, 1901

## Manufacturing Confectioners,

*Bought of* GEO MANNERING, & Co,

### Dry salters

Gross (lbs )

Tare (lbs )

705

46

708

46

695

46

680

45

694

46

686

45

718

42

691

45

694

46

690

46

6951

456

Less Tax 456

6495=57 cwts 3 qrs 27 lbs @ 8/ cwt £23 3 11

|                           |        |
|---------------------------|--------|
| Ex ship charges, 4/11 ton | 0 14 3 |
|---------------------------|--------|

**£23 18 2**

# DEFINITIONS AND FORMS

## INVOICE (BROKER'S)

Mincing Lane,  
London, 21st March, 1901

Messrs EASTMAN & HALL,  
Birmingham

*Bought of ROSENCRANTZ & Co*

*Payment Cash, 21st April, 1901*

|                    |      |     |                   | £   | s  | d |
|--------------------|------|-----|-------------------|-----|----|---|
| Sixty Bags Cocoa — |      |     |                   |     |    |   |
| 20 Bags            | Cwts | qrs | lbs               |     |    |   |
| ex "Sirius" }      | 30   | 2   | 9                 |     |    |   |
| Mark —             | 0    | 3   | 16 Tare           |     |    |   |
| Don Quixote }      | 29   | 2   | 21 @ 70/6 per cwt | 104 | 12 | 1 |
| 40 Bags            | 68   | 3   | 27                |     |    |   |
| ex "Vega" }        | 1    | 3   | 4 Tare            |     |    |   |
| Mark               | 67   | 0   | 23 @ 65/ per cwt  | 218 | 8  |   |
| Filipino }         |      |     |                   |     |    |   |
| Less discount, 2½% |      |     |                   | 323 | 1  |   |
|                    |      |     |                   | 8   | 1  |   |
| Add Brokerage, 1%  |      |     |                   | 314 | 19 |   |
|                    |      |     |                   | 3   | 4  |   |
|                    |      |     |                   | 318 | 4  |   |

EXPLANATION The 60 Bags Cocoa are bought by the Brokers (R & C) for their customers E & H, and are charged to the latter at cost plus 1% for brokerage. The names of the vessels from which the goods obtained are stated, and the distinctive marks on the bags. The gross weight of cocoa and bags is shown, less the Tare (or weight of bags alone) giving the nett weight charged for. The discount is allowable in the event of payment being made by 21st April, 1901.

## INVOICE

Wellington Street,  
Bristol, 31st May, 1901

Messrs RAYWOOD & Co LTD,  
Birmingham

*Bought of PONTIFF BROS*

|                             |  |  |  | Cwt | qrs | lbs | Price | £  | s | d |
|-----------------------------|--|--|--|-----|-----|-----|-------|----|---|---|
| 20 x 28 lbs Boxes           |  |  |  | 5   | 0   | 0   | 105/  | 26 | 5 | 0 |
| Almonds nett                |  |  |  |     |     |     |       |    |   |   |
| x ss "Antelope" per Mid Rly |  |  |  |     |     |     |       |    |   |   |



## INVOICE

14, Golden Square,  
London, S E, 15th June, 1901

BRISCOE, NEWTON & Co

Invoice of 50 bags Sugar

Shipped per steamer "Bittern" to Hull

By order and for account of JOSEPH ADAMS & SONS, Leeds

Contract of 16th May, 1901, No 1789

50 Bags

Weighing nett cwt 97 2 4

@ 15/ per cwt, f o b £73 3 0

\* Less 2 @ 5% 12 2

Add Insurance, £80 @ 2/6 % 2 0

£72 12 10

\* NOTE—The terms are nett cash in two months or an allowance of interest pre payment at the rate of 5% per annum The 12s 2d represents two months interest at 5% per annum

## DEBIT NOTE

Date 3rd Jan, 1901

From BENHAM & BUTLER,  
17, Marlborough Street, Leicester

Please note that we have forwarded this day, per  
Mid Rly, 2 Empty Cases, @ 5/-

| £ | s  | d |
|---|----|---|
|   | 10 | 0 |

Messrs Martland, Sons & Co,  
14, Westbourne Grove, London, W

When Goods (or Empties) are returned a *Debit Note* or "Advice" a fact should be sent by post same day by the person returning the

# CREDIT NOTE

14, Westbourne Grove,  
London, W, 4th Jan, 1901

MESSRS BENHAM & BUTLER,  
Leicester

*Credited by* MAITLAND, SONS & Co

|                  | £  | s  | d |
|------------------|----|----|---|
| 2 Cases returned | 5/ | 10 | 0 |

Upon receipt of the Goods returned (or Empties) a *Credit Note* is sent to the person who has returned them

## LEDGER ACCOUNT

| Dr   |    | BENHAM & BUTLER, 17 Marlborough Road, Leicester |     |    |    | Cr |     | 2    |                      |     |    |   |
|------|----|---|-----|----|----|----|-----|------|----------------------|-----|----|---|
| 1901 |    | £   |     | s  |    | d  |     | 1901 |                      |     |    |   |
| 1    | 1  | To Goods  | 47  | 56 | 18 | 10 | Jan | 4    | By Empties           | 17  | 13 | 0 |
|      | 4  | "   | 19  | 17 | 13 | 9  | "   | 9    | " Returns (4th)      | 17  | 13 | 0 |
|      | 9  | "   | 52  | 28 | 14 | 11 | "   | 22   | " Empties            | 100 | 0  | 0 |
|      | 12 | "   | 74  | 35 | 19 | 2  | "   | 25   | " Cash on a/c        | 5   | 14 | 0 |
|      | 16 | "   | 57  | 38 | 12 | 9  | "   | 28   | " Empties            | 63  | 3  | 0 |
|      | 18 | "   | 60  | 15 | 19 | 2  | "   | 30   | " Returns (16th)     | 6   | 7  | 1 |
|      |    | 19 18 7   |     |    |    |    | Feb | 12   | " Cash               |     |    |   |
|      | 21 |   | 62  | 24 | 10 | 5  | "   | 12   | " Discount, 3 1/2    |     |    |   |
|      | 28 |   | 69  | 46 | 15 | 7  |     |      | 19 18 7              |     |    |   |
|      | 30 | "   | 73  | 18 | 10 | 8  | "   | 14   | " Empties            |     | 10 | 0 |
|      | 31 | "   | 74  | -  | 9  | 4  | "   | 18   | "                    |     | 4  | 3 |
|      | 2  | "   | 76  | 14 | 18 | 2  | "   | 20   | " Returns (Jan 28th) | 14  | 15 | 0 |
|      | 4  | "   | 79  | 18 | 19 | 5  | Mar | 14   | " Cash               | 210 | 15 | 9 |
|      | 7  | "   | 82  | 29 | 3  | 1  | "   | 14   | " Discount 3 1/2     | 8   | 4  | 3 |
|      | 9  | "   | 84  | 32 | 11 | 9  |     |      | 21 9 3               |     |    |   |
|      | 12 | "   | 88  | 19 | 15 | 4  |     |      |                      |     |    |   |
|      | 19 | "   | 94  | 26 | 12 | 8  |     |      |                      |     |    |   |
|      |    | 234 9 3   |     |    |    |    |     |      |                      |     |    |   |
|      | 22 | "   | 97  | 13 | 12 | 11 |     |      |                      |     |    |   |
|      | 25 | "   | 101 | 19 | 10 | 0  |     |      |                      |     |    |   |
|      | 27 | "   | 102 | 7  | 14 | 2  |     |      |                      |     |    |   |
|      | 28 | "   | 102 | 12 | 9  | 8  |     |      |                      |     |    |   |

n this example goods sold up to the 20th of each month are to be paid in the following month less 3 1/2% discount When the two sides agree

*Counterfoil**Receipt*

|                    |  |                       |  |                                    |  |
|--------------------|--|-----------------------|--|------------------------------------|--|
| <i>No</i>          |  | <i>Date,</i>          |  | <i>1901</i>                        |  |
|                    |  | 14, Westbourne Grove, |  | London, W                          |  |
|                    |  |                       |  |                                    |  |
| <i>Received of</i> |  | <i>Pounds</i>         |  | <i>Shillings and</i>               |  |
| the sum of         |  |                       |  |                                    |  |
|                    |  | <i>Pence</i>          |  |                                    |  |
|                    |  | <u>          </u>     |  | <u>          </u>                  |  |
|                    |  | <i>(Cash)</i>         |  | <i>For MAITLAND, SONS &amp; Co</i> |  |
| <i>Received by</i> |  | <i>Discount</i>       |  |                                    |  |
|                    |  |                       |  | <i>(Signed),</i>                   |  |
|                    |  |                       |  |                                    |  |
|                    |  |                       |  |                                    |  |
|                    |  |                       |  |                                    |  |

Customers are requested to accept only this Authorised Form of Receipt  
no other will be recognised

# DEFINITIONS AND FORMS

## STATEMENT

Folio 27

14, Westbourne Grove,  
London, W , 31<sup>st</sup> Jan , 1901.

Messrs BENHAM & BUTLER,  
17, Marlborough Road, Leicester

*Dr to* MAITLAND, SONS & Co

|     |             | £  | s  | d | £   | s  | d  |
|-----|-------------|----|----|---|-----|----|----|
| 901 |             |    |    |   |     |    |    |
| 1   | To Goods    |    |    |   | 56  | 18 | 10 |
| 4   | " "         |    |    |   | 17  | 13 |    |
| 9   | " "         |    |    |   | 28  | 14 | 11 |
| 12  | " "         |    |    |   | 35  | 19 |    |
| 16  | " "         |    |    |   | 38  | 12 |    |
| 18  | " "         |    |    |   | 15  | 19 |    |
|     |             |    |    |   | 193 | 18 | 7  |
|     | CREDITS     |    |    |   |     |    |    |
| 4   | By Empties  |    | 10 | 0 |     |    |    |
| 9   | " Returns   | 17 | 13 | 9 |     |    |    |
| 22  | " Empties   |    | 7  | 6 |     |    |    |
| 28  | " "         |    | 3  | 0 |     |    |    |
| 30  | " Returns   | 5  | 14 | 3 | 24  | 8  | 6  |
|     |             |    |    |   | 169 | 10 | 1  |
| 25  | Cash on A/c |    |    |   | 100 | 0  | 0  |
|     |             |    |    |   | 69  | 10 | 1  |

This Statement is prepared from the Ledger up to the 20th of th  
th (for Goods sold), and showing all credits up to 31st of the month.



## SECTION A —THE THEORY

### CHAPTER II

#### DEFINITIONS— MEANING OF ACCOUNTS —EXAMPLE OF CASH ACCOUNT AND PERSONAL ACCOUNT

All business consists of exchanging one kind of property for another, including all articles which possess any exchangeable value

A *Transaction* is the name given to any such act of exchange

An *Account* is a record of one or more transactions, stated in such a manner as to exhibit the true effect of the transaction

*Book-keeping* is the art of arranging accounts in such a manner as to show the true result of all similar transactions and also to show the true result to the trader of *all his transactions*, whatever their nature may be

*Asset* is the term used to denote property belonging to the trader, and employed in connection with commercial transactions and includes Land, Buildings, Machinery, Furniture, Materials, Goods, Ships, Horses, Carts, Money in hand, Money owing to the trader by any person, Investments in Shares or Stocks, Patents, Rights, &c, &c

*Liability* is the term used to denote any sum which is owing by the trader to another person

*Capital* is the amount by which the total assets exceed the total liabilities

*Deficiency* is the amount by which the total liabilities exceed the total assets

*Profit* is the amount by which a trader's capital is increased as the result of a transaction or series of transactions with his customers

*Loss* is the amount by which a trader's capital is *decreased* as the result of a transaction or series of transactions with other persons during a given period

We will now take a few transactions, and see how they should be arranged in the form of an Account. The following transactions consist of the receipt and payment of cash, as the trader wishes to keep a record of the *changes* that take place in the "cash" portion of his assets

| 1901 |   |   | £  | s  | d |
|------|---|---|----|----|---|
| Jan  | 1 | The trader receives cash for goods sold | 15 | 0  | 0 |
| "    | 3 | He pays Wm. Arnold for goods bought     | 6  | 0  | 0 |
| "    | 4 | He pays for stamps                      |    | 10 | 0 |
| "    | 5 | He receives cash for goods sold         | 14 | 0  | 0 |
| "    | 5 | He pays wages                           | 7  | 0  | 0 |
| "    | 5 | He pays into his bank                   | 10 | 0  | 0 |

#### CASH ACCOUNT

| 1901 |   | <i>Receipts</i> | £   | s | d | 1901 |   | <i>Payments</i> | £ | s   | d  |
|------|---|-----------------|-----|---|---|------|---|-----------------|---|-----|----|
| Jan  | 1 | Goods sold      | 15  | 0 | 0 | Jan  | 3 | Wm. Arnold      |   |     |    |
|      | 5 | " "             | 14  | 0 | 0 |      |   | goods           | 6 | 0   | 0  |
|      |   |                 |     |   |   |      | 4 | Stamps          |   | 10  | 0  |
|      |   |                 |     |   |   |      | 5 | Wages           |   | 7   | 0  |
|      |   |                 |     |   |   |      | " | Bank            |   | 10  | 0  |
|      |   |                 |     |   |   |      |   |                 |   |     |    |
|      |   |                 |     |   |   |      |   |                 |   | 23  | 10 |
|      |   |                 |     |   |   |      | 5 | Cash in hand    |   | 5   | 10 |
|      |   |                 |     |   |   |      |   |                 |   |     |    |
|      |   |                 | £29 | 0 | 0 |      |   |                 |   | £29 | 0  |

The above Cash Account shows the trader that he has received £29 and paid £23 10s. Therefore the difference between these two sums, viz., £5 10s., must be the amount of money he has in hand on the 5th January, assuming that he has recorded *all* his cash transactions. This difference is first added to the smaller or "payments" side of the account in order to prove that the two sides of the account are now equal, the totals are inserted, and the "difference" or cash in hand will be entered again on the receipts side of the new Cash Account, signifying that the cash has received, and is responsible for, this amount, 5 10s., until further transactions take place (See p. 14.)

In using a pair of scales for weighing purposes, the two sides are said to "balance" when equal weights are placed on each side

cash in hand, £5 10s, the two sides are said to "balance" each other, and the amount, £5 10s, may be described as the amount required to balance the account, or, shorter, the "balance" of the account.

### CASH ACCOUNT

|              |                             |                |              |                             |              |
|--------------|-----------------------------|----------------|--------------|-----------------------------|--------------|
| <b>1901</b>  | <i>Receipts</i>             | <b>£ s d</b>   | <b>1901</b>  | <i>Payments</i>             | <b>£ s</b>   |
| <b>Jan 1</b> | <b>Goods sold</b>           | <b>15 0 0</b>  | <b>Jan 3</b> | <b>Wm Arnold</b>            |              |
| <b>5</b>     | <b>" "</b>                  | <b>14 0 0</b>  |              | <b>goods</b>                | <b>6 0</b>   |
|              |                             |                | <b>4</b>     | <b>Stamps</b>               | <b>10</b>    |
|              |                             |                | <b>5</b>     | <b>Wages</b>                | <b>7 0</b>   |
|              |                             |                | <b>"</b>     | <b>Bank</b>                 | <b>10 0</b>  |
|              |                             |                |              |                             | <hr/>        |
|              |                             |                |              |                             | <b>23 10</b> |
|              |                             |                | <b>5</b>     | <b>Balance carried down</b> | <b>5 10</b>  |
|              |                             |                |              |                             | <hr/>        |
|              |                             | <b>29 0 0</b>  |              |                             | <b>£29 0</b> |
| <b>" 5</b>   | <b>Balance brought down</b> | <b>£5 10 0</b> |              |                             |              |

In the last example the account employed showed to the trader the changes in one portion of his assets, viz, cash. In the following example we shall see the effect of a few transactions between the trader and another person (Wm Arnold), upon the relative positions of the trader and Wm Arnold.

|       |   | £  | s | d |
|-------|---|----|---|---|
| 1901  |   |    |   |   |
| Jan 1 | The trader buys goods from Wm Arnold, but does not pay for them | 20 | 0 | 0 |
| „ 3   | He pays cash to Wm Arnold                                       | 6  | 0 | 0 |
| „ 10  | He pays cash to Wm Arnold                                       | 10 | 0 | 0 |
| „ 12  | Wm Arnold buys goods from the trader, but does not pay for them | 15 | 0 | 0 |
| „ 14  | Wm Arnold pays cash to the trader                               | 14 | 0 | 0 |

It will be observed that the above transactions may be divided into two kinds—

- (1) In which the trader receives property from Wm. Arnold.
- (2) In which Wm Arnold receives property from the trader.

(It may be that in these examples, viewed separately, the *act exchange* does not seem to be accomplished—e.g., on January 1st the trader receives goods, but does not deliver anything in return—in reality, he incurs liability to carry out his part of the trans-

# WM ARNOLD'S ACCOUNT WITH THE TRADER

|                         | £     | s | d |                         | £     | s |
|-------------------------|-------|---|---|-------------------------|-------|---|
| Jan 3 Cash              | 6     | 0 | 0 | Jan 1 Goods             | 20    | 0 |
| 10 „                    | 10    | 0 | 0 | 14 Cash                 | 14    | 0 |
| 12 Goods                | 15    | 0 | 0 |                         |       |   |
|                         | <hr/> |   |   |                         |       |   |
|                         | 31    | 0 | 0 |                         |       |   |
| 14 Balance carried down | 3     | 0 | 0 |                         |       |   |
|                         | <hr/> |   |   |                         |       |   |
|                         | £34   | 0 | 0 |                         | 34    | 0 |
|                         |       |   |   |                         | <hr/> |   |
|                         |       |   |   | 14 Balance brought down | £3    | 0 |

In the above account, as in example 1, the items of property received by *Wm Arnold* are shewn on the left-hand side, and the items received from him on the right-hand side. The difference between the two, £3, shews that the trader has received from *Wm Arnold* goods and cash to the amount of £3 more than *Wm Arnold* has received from him. The relative position of the two parties now is that the trader is indebted to *Wm Arnold* to the extent of £3.

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The exercises should be worked out on ruled paper, following closely the style of the examples given, and with due regard to neatness.

## EXERCISE 1

Prepare a Cash Account, showing the balance at 31st January, from the following particulars of Joseph Barrow's transactions

| 1901  |                           | £   | s  | d |
|-------|---------------------------|-----|----|---|
| Jan 3 | Received cash for goods   | 146 | 15 | 9 |
| „ 5   | Paid Wm Yates             | 132 | 17 | 6 |
| „ 8   | Received from Thos Watson | 117 | 17 | 1 |
| „ 14  | Sold goods for cash       | 120 | 0  | 0 |
| „ 16  | Paid to bank              | 200 | 0  | 0 |
| „ 19  | Paid Benjm Booth & Sons   | 1   | 13 | 2 |
| „ 23  | Paid rent                 | 50  | 0  | 0 |
| „ 24  | Received from Chas Dyson  | 19  | 11 | 8 |
| „ 27  | Paid Shaw & Co Ltd        | 15  | 10 | 6 |
| „ 29  | Sold goods for cash       | 36  | 10 | 0 |
| „ 31  | Paid wages                | 15  | 0  | 0 |

## EXERCISE 2

Prepare Chas Field's account with Fredk Hall from the following transactions, showing balance, if any, due to, or by, Chas Field -

| 1901  |   | £  | s  | d  |
|-------|---|----|----|----|
| Jan 2 | Hall sells goods to Field (not paid for)  | 15 | 14 | 6  |
| „ 3   | Field pays cash                           | 10 | 0  | 0  |
| „ 5   | Hall sells goods to Field (not paid for)  | 25 | 16 | 3  |
| „ 7   | Field sells goods to Hall (not paid for)  | 17 | 15 | 5  |
| „ 11  | Field pays cash                           | 15 | 10 | 0  |
| „ 14  | Hall buys goods from Field (not paid for) | 36 | 14 | 8  |
| „ 15  | Hall pays cash                            | 30 | 0  | 0  |
| „ 18  | Field buys goods from Hall (not paid for) | 28 | 8  | 2  |
| „ 28  | Hall receives cash from Field             | 22 | 0  | 0  |
| „ 28  | Hall sells goods to Field (not paid for)  | 10 | 13 | 10 |
| „ 31  | Field pays cash                           | 5  | 0  | 0  |

## CHAPTER III

### EFFECT OF A TRANSACTION—EXCHANGEABLE VALUE— PRINCIPLE OF DOUBLE ENTRY

It is important that the student should from the beginning of his work be guided by an appreciation of the *fact* upon which the only principle of good book-keeping is based, and that he should not be content to follow mere forms and rules as a matter of routine. It is only by adopting the former course that he can place himself in a position to deal intelligently with all transactions which may occur. Therefore the principle or theory of Double Entry will be explained at this stage.

In the preceding chapter a transaction is defined as being 'any act of exchange of value,' we must now examine the definition and obtain a fuller idea of its meaning. Exchangeable value in this connection must be understood to include - -

Class 1 - Articles or property of an actual tangible nature such as Land, Buildings, Machinery, Raw Materials, Manufactured Goods, Ships, Shares or Stocks, Horses, Cash, &c, &c

Class 2 - The value of the *use* of any article or property for a limited period. Examples - A trader becomes tenant of a factory at an annual rent of £200. In this case the "rent" is the term used to express the value of the use of the property. A trader borrows £500 from a banker at  $5\frac{1}{2}\%$  per annum interest. In this case the "interest" is the term used to express the value of the use of the money.

Class 3 - Labour or services rendered by one person to another. Examples - A manufacturer employs a workman at weekly wages; in this case the "wages" is the term used to express the value of the use of the workman's time, skill, and energy. A manufacturer in Leeds employs an agent in London to sell his manufactured products, and pays the agent a remuneration, called a "commission." In this case the "commission" is the term used to express the value of the services rendered by the agent.

The following are examples of transactions involving changes of value belonging to each of these classes --

*A* John Green sells goods, £50, for cash

This is an exchange of one article of an actual tangible nature (Class 1) for another article of a tangible nature (Class 1) Effect J G's cash increased £50 and his goods are decreased £50

*B* John Green pays £20 for rent of warehouse

This is an exchange of an article (Class 1), cash for value (Class 2), viz, use of warehouse Effect J G receives use of warehouse as described as "rent" and his cash is decreased £20

*C* John Green pays his workman's wages, £5

This is an exchange of an article (Class 1), viz, cash, for value (Class 2), viz, use of workman's time labour, &c Effect J G receives use of workman's time and labour, value described as wages, £5, and his cash decreased £5

*D* John Green lends a room in his warehouse for a week, and receives £1 10s for the loan

This is an exchange of value (Class 2) viz use of room, for an article (Class 1), viz cash Effect J G's cash is increased £1 10s, and he parts with the use of his room, value (called rent) £1 10s

*E* John Green borrows a horse and cart for a week from Geo Bush and in return he obtains a customer who will buy certain goods from Geo Bush. This is an exchange of value (Class 3), viz, services rendered for value (Class 2), viz, use of horse and cart Effect J G receives use of horse and cart, value (called horse hire) £1, and he parts with the benefit of the services, value (called commission) £1

*F* John Green buys goods from Chas Ward, £10, and does not pay for them. This is a transaction in which the completion of the exchange is postponed Effect J G's goods are increased £10, and Chas Ward allows the payment to be deferred Ward "trusts" Green, 'believes' that he will pay for the goods, and is therefore willing to remain his 'creditor' (to believe) until the equivalent value is paid by Green Conversely, as long as Green owes the money, Green is "indebted" to, or "debtor" to, Ward (debere to owe)

*G* John Green sells goods to Thos Hardy, £25, and Hardy does not pay for them

This is a transaction in which the completion of the exchange is postponed Effect Green's goods are decreased £25, and he allows the payment to be deferred, he "trusts" Hardy, who becomes "debtor" to Green until the equivalent cash is paid to Green Conversely, as long as Hardy owes the money, Green remains his "creditor"

By careful examination of the above transactions the student will observe that in every instance *two results follow, or, the*

, *B, C, D, E*, it is clear that *value is received and value is parted with* to equal amounts. In the examples *F* and *G* we still find the same results—

*F*—Green receives value and Ward becomes his creditor

*G*—Hardy becomes his debtor and Green parts with value

We therefore find that *all* the transactions have the following results

Value is received by Green  
or  
person becomes debtor to Green } and { Value is parted with by Green  
or  
A person becomes Creditor of Green

Let us arrange the results of the foregoing transactions by collecting the records into the form of accounts

It is clear that each transaction affects the trader John Green, therefore we will first deal with

### JOHN GREEN'S ACCOUNT

| <i>Value received</i> | £   | s  | d |   | <i>Value parted with</i> | £    | s  | d |
|-----------------------|-----|----|---|---|--------------------------|------|----|---|
| Cash (from goods)     | 50  | 0  | 0 | A | Goods (to cash)          | 50   | 0  |   |
| Rent (from cash)      | 20  | 0  | 0 | B | Cash (to rent)           | 20   | 0  |   |
| Wages (from cash)     | 5   | 0  | 0 | C | Cash (to wages)          | 5    | 0  |   |
| Cash (from rent)      | 1   | 10 | 0 | D | Rent (to cash)           | 1    | 10 |   |
| Horse hire            | 1   | 0  | 0 | E | Commission               | 1    | 0  |   |
| Goods from Ward       | 10  | 0  | 0 | F |                          |      |    |   |
|                       |     |    |   | G | Goods to Hardy           | 25   | 0  |   |
|                       | £87 | 10 | 0 |   |                          | £102 | 10 | 0 |

### CHAS WARD'S ACCOUNT

| <i>Value received</i> | £ | s | d |                    | <i>Value parted with</i> | £  | s | d |
|-----------------------|---|---|---|--------------------|--------------------------|----|---|---|
|                       |   |   |   | (Goods             |                          | 10 | 0 | 0 |
|                       |   |   |   | (Ward is creditor) |                          |    |   |   |

### THOS HARDY'S ACCOUNT

| <i>Value received</i> | £  | s | d |  | <i>Value parted with</i> | £ | s | d |
|-----------------------|----|---|---|--|--------------------------|---|---|---|
| Goods                 | 25 | 0 | 0 |  |                          |   |   |   |
| (Hardy is debtor)     |    |   |   |  |                          |   |   |   |

The total money value represented by the seven transactions is £112 10s. 0d, and we see that this sum has been stated in the three accounts *twice*, or that value to the extent of



We have now recorded John Green's transactions according to the double entry principle, which is nothing else than the recognition of the fact that *each transaction has a two-fold effect*

John Green's account informs us that he has received value to the amount of £15 less than he has parted with. This information, though perfectly correct, is not of itself sufficient. An inspection of the account will quickly show that the value received is made up partly by real tangible property, such as cash and goods, but that no tangible assets exist to represent the other values, rent, wages, and horse-hire. The values parted with, are also seen to consist partly of actual property, goods, and cash, but that no tangible property has been parted with representing rent or commission. It is necessary, therefore, that this account shall be divided up, not only to distinguish between the various kinds of property received or parted with, but also to show the items for which *no actual property* has been received or parted with. We shall call the latter "*nominal values*."

#### JOHN GREEN'S CASH ACCOUNT

| <i>Value received</i> | £   | s  | d | <i>Value parted with</i> | £   | s | d |
|-----------------------|-----|----|---|--------------------------|-----|---|---|
| In exchange for goods | 50  | 0  | 0 | In exchange for rent     | 20  | 0 | 0 |
| " " rent              | 1   | 10 | 0 | " " wages                | 5   | 0 | 0 |
|                       | £51 | 10 | 0 |                          | £25 | 0 | 0 |

#### JOHN GREEN'S GOODS ACCOUNT

| <i>Value received</i> | £  | s | d | <i>Value parted with</i> | £   | s | d |
|-----------------------|----|---|---|--------------------------|-----|---|---|
| From Ward             | 10 | 0 | 0 | In exchange for cash     | 50  | 0 | 0 |
|                       |    |   |   | To Hardy                 | 25  | 0 | 0 |
|                       |    |   |   |                          | £75 | 0 | 0 |

#### JOHN GREEN'S ACCOUNT OF NOMINAL VALUES RECEIVED AND PARTED WITH

| <i>Value received</i> | £   | s | d | <i>Value parted with</i> | £  | s  | d |
|-----------------------|-----|---|---|--------------------------|----|----|---|
| Rent                  | 20  | 0 | 0 | Rent                     | 1  | 10 | 0 |
| Wages                 | 5   | 0 | 0 | Commission               | 1  | 0  | 0 |
| Horse-hire            | 1   | 0 | 0 |                          |    |    |   |
|                       | £26 | 0 | 0 |                          | £2 | 10 | 0 |

The first two accounts represent transactions of the different portions of the property which John Green is employing in his business. The third account represents the transactions in which only a nominal (not an actual) value is received or parted with by John Green.

The accounts of actual property, such as cash and goods, are called *real accounts*.

The accounts of values which are represented by no tangible asset, such as rent, wages, &c., are *nominal accounts*.

The accounts of transactions with persons are *personal accounts*.

Let us now go back a little and suppose that John Green commenced his business with a stock of goods value £40. In order to grasp the position we must look upon John Green's business as an affair *quite apart from John Green himself*. John Green might carry on a business in Leeds, and he might be partner in two or three other distinct businesses in Birmingham, London, &c. In the latter case it is easy to think of him as a person *apart* from the Birmingham or London firm, so we must think of him as a person distinct from the business which belongs to him, even though it may be *the only* business in which he is interested.

When Green commences this business the first thing that happens is this.—He entrusts to it his stock of goods, £40. The business does not pay him for these goods. The business has no cash or property of any kind at the moment of its commencement, save the stock, £40, which it receives. What happened in the case of the transaction with Chas. Ward happens here. John Green “trusts” his business with the stock, he becomes the “creditor” of the business, and the “goods” portion of the business becomes indebted to him, or “debtor” for the value of stock received, £40. When the Goods Account parts with some of its goods, and another portion of the business receives the value thereof, such as Cash Account, £50, of course the Goods Account is no longer indebted for that sum, and the entry now made in the Goods Account is a *creditor* entry, goods becoming “creditor” of another portion of the property, viz., *Cash Account*. Conversely *Cash Account*, receiving value from the Goods Account is indebted or *debtor* to that account for such

Also when the Cash Account parts with value, the equivalent being received by the business in a nominal shape, such as rent or wages, the *Nominal Account* is indebted to the Cash Account (or debtor) for such value, and the Cash Account must be debited, and becomes creditor for the amount which it pays.

When the Cash Account receives value, the equivalent being a nominal value (e.g., rent), given out by the business, then the Cash Account is indebted (debtor) to the Nominal Account for such value, and the Nominal Account having parted with value must be credited, and becomes creditor.

We have already seen that each transaction has a two-fold effect, we may now put this in the form of a statement of the principle of Double Entry --

*In each transaction an account (personal, real, or nominal) is debited to an account (personal, real, or nominal), which thereby becomes creditor, for equal amounts.*

The following is a statement of the transactions of John Green, showing which accounts are affected in each case --

|                             |                                     |                                     |
|-----------------------------|-------------------------------------|-------------------------------------|
| Goods Account               | debtor, £40                         | To John Green—creditor, £40         |
|                             | Stock at commencement               |                                     |
| Cash Account—debtor, £50    |                                     | To Goods Account—creditor, £50      |
|                             | Goods sold for cash                 |                                     |
| Nominal Account             | debtor, £20                         | To Cash Account—creditor, £20       |
|                             | Cash payment for rent               |                                     |
| Nominal Account—debtor, £5  |                                     | To Cash Account—creditor, £5        |
|                             | Workman's wages paid                |                                     |
| Cash Account—debtor, £1 10s |                                     | To Nominal Account—creditor, £1 10s |
|                             | Cash received for rent              |                                     |
| Nominal Account—debtor, £1  |                                     | To Nominal Account—£1.              |
|                             | Horse hire exchanged for commission |                                     |
| Goods Account—debtor, £10   |                                     | To Chas. Ward, £10                  |
|                             | Goods bought on credit              |                                     |
| Thomas Hardy—debtor, £25    |                                     | To Goods Account, £25.              |
|                             | Goods sold on credit.               |                                     |

Write out a statement of the following transactions, showing which accounts are debtor and creditor respectively, as on page 22 -

### EXERCISE 3

| 1901  |  | £   | s  | d  |
|-------|--|-----|----|----|
| Feb 1 | Chas. Hill commences business with cash    | 100 | 0  | 0  |
| , 4   | He buys goods for cash                     | 44  | 16 | 8  |
| , 7   | He sells goods to A. Shaw & Co             | 17  | 14 | 3  |
| , 8   | He buys goods from Thos. Thorner           | 36  | 17 | 11 |
| , 11  | He receives cash from A. Shaw & Co         | 10  | 0  | 0  |
| , 16  | He sells goods for cash                    | 11  | 16 | 11 |
| , 22  | He buys goods for cash                     | 20  | 0  | 0  |
| , 25  | He pays cash to Thos. Thorner              | 25  | 0  | 0  |
| , 26  | He buys goods from Simpson Bros            | 17  | 13 | 2  |
| , 28  | He pays cash for wages                     | 7   | 0  | 0  |
| , 28  | He pays cash for rent                      | 5   | 10 | 0  |
| , 28  | He pays cash to B. Craig for selling goods | 2   | 0  | 0  |

### EXERCISE 4

| 1901  |  | £  | s  | d |
|-------|--|----|----|---|
| Mar 1 | Henry Bourne commences business with a<br>stock of goods | 50 | 0  | 0 |
|       | and cash   | 20 | 0  | 0 |
| , 2   | He sells goods to Stevenson & Son                        | 10 | 14 | 9 |
| , 5   | He buys goods from Fletcher & Co                         | 15 | 10 | 6 |
| , 7   | He sells goods for cash                                  | 4  | 10 | 3 |
| , 9   | He pays cash to Fletcher & Co                            | 15 | 10 | 6 |
| , 11  | He receives cash from Stevenson & Son                    | 7  | 0  | 0 |
| , 12  | He lends to Jonas Sedgwick cash                          | 2  | 0  | 0 |
| , 14  | He buys goods for cash                                   | 4  | 10 | 0 |
| , 16  | He pays cash - wages                                     | 2  | 14 | 6 |
| , 19  | He buys goods from Stevenson & Son                       | 4  | 11 | 3 |
| , 23  | He sells goods for cash                                  | 6  | 10 | 6 |
| , 27  | Jonas Sedgwick repays cash                               | 2  | 0  | 0 |
| , 30  | He pays cash for rent                                    | 5  | 0  | 0 |

## CHAPTER IV

### APPLICATION OF PRINCIPLE OF DOUBLE ENTRY— ORIGINAL ENTRIES THE JOURNAL

Having obtained from a study of the two preceding chapters some insight into the meaning and effect of business transactions the student now proceeds to make acquaintance with the book in which transactions are to be recorded

The term "Double Entry" Book-keeping is rather a misleading one, but having attained such wide recognition and adoption, must be of necessity retained in default of a better one. It is misleading in the sense that it conveys a *wrong idea*, an idea of *double entering*, or a *duplication* of work. In former times and in the instructions given by old text-books, this double entering was common enough, but it has now been superseded by the improvements which have taken place in book-keeping in modern times. But though the older and more cumbrous methods of Double Entry have been abandoned, the *principle* remains and must be adopted in all book keeping which can claim to be complete. The student must remember that as businesses differ from each other so vastly both in their general descriptive character, and requirements, and in their number of transactions, it is impossible to provide a *system* or set of books which will be the *most* suitable to *every* kind of business, and which will exactly meet *all* the needs of *all* commercial undertakings. A system of books used in a newspaper office would to a very large extent be quite unsuited to an ironfounder, and a machine-maker would require a system very different from that of a corn factor. Whilst this is true, all good book-keeping must have the double entry principle as its foundation, and for that reason in every business, of whatever character or size, one *book* is essential, the *ledger*. This is the book which contains *all* the accounts, showing the debtor and creditor results of every transaction. If it is possible in a business to reduce the number of books to one, the

can this be done, however. It must be understood that we are dealing at present with the ordinary general run of business and not with special cases.

It is of the greatest importance that a record should be made of each transaction immediately it occurs. Obviously, if the making of the record is postponed the chances of error are considerably increased.

The book in which this first record is made is technically described as a "Book of Original Entry." From this book the accounts are properly entered in the Ledger, it being as a general rule inconvenient to make the original entry directly in the ledger itself.

The old merchants and traders used to make an entry of all their dealings, of all kinds, at the time when the transaction took place, in a book, which then became a chronological history of all their business doings. It was a rough sort of book, kept lying at hand ready for the jotting down of the dealings as they occurred, and so acquired the name of "Waste Book." It has now almost entirely dropped out of use, and we shall not require its assistance. It very frequently happens that transactions of different kinds are taking place at the same moment, such as buying and selling goods, receiving and paying cash, &c., &c., and this renders it necessary to divide the Book of Original Entry into two or more separate books, each containing the original entries of distinct kinds of transactions, buying, selling, &c., &c. But at this early stage we will assume that *all* the original entries can be made conveniently in one book, and the technical name of it is the *Journal* (diurnal or daily records).

### TRANSACTION

|         |  |    |   |   |
|---------|--|----|---|---|
| 1901    |  | £  | s | d |
| April 3 | Joseph Shaw buys goods from Wm. Thompson | 10 | 0 | 0 |

As we have seen on page 19, this means that in Shaw's accounts the Goods account is *debtor* to Wm. Thompson, *creditor* for £10 for goods bought of him.

The original entry to be made of this transaction is simply the above statement, written in the Journal in the following form —

|       |                         |    |    |   |        |
|-------|-------------------------|----|----|---|--------|
| 1901. |                         |    | £  | s | d      |
| April | Goods Account           | Dr | 10 | 0 | 0      |
|       | To Wm. Thompson*        |    |    |   | 10 0 0 |
|       | for goods bought of him |    |    |   |        |

Before making a Journal entry the student should *think* of the *meaning* of the transaction, asking himself "who," "what person" or "which account," has *received* any value, to find the debtor, and "which person" or "which account" has *parted with* any value, to find the creditor

The following are simple examples of Journal entries —

### JOURNAL

| DATE  | ENTRY   | Lg<br>Folio | DR<br>Amounts |    |   | CR<br>Amounts |    |   |
|-------|---|-------------|---------------|----|---|---------------|----|---|
|       |   |             | £             | s  | d | £             | s  | d |
| 1901  |   |             |               |    |   |               |    |   |
| Apl 3 | Goods Account <i>Dr</i><br>To Wm Thompson<br>For Goods bought of him      |             | 10            | 0  | 0 | 10            | 0  | 0 |
| 4     | Robert Elgie & Co <i>Dr</i><br>To Goods Account<br>For Goods sold to them |             | 25            | 14 | 9 | 25            | 14 | 9 |
| 5     | Wm Thompson <i>Dr</i><br>To Cash Account<br>For Cash paid to him          |             | 5             | 10 | 0 | 5             | 10 | 0 |
| 6     | Cash Account <i>Dr</i><br>To Robert Elgie & Co<br>For cash paid by them   |             | 15            | 0  | 0 | 15            | 0  | 0 |
|       |   |             | 56            | 4  | 9 | 56            | 4  | 9 |

It will be observed that the Journal entry is not a mere memorandum of the transactions, but it is a *statement of the x-fold effect*, showing clearly which account is debtor and which account is creditor

The Journal contains a column for the date (month and day), a column for the entry, a column for the Ledger page or folio containing the account into which each item is to be gathered "posted" (this will be explained later), a money column for a debtor amount, a money column for the creditor amount. The operation of making an entry in the Journal is called "journalising." The points to be noticed in connection with

The account which is to be debtor is *to be stated first*, followed by the abbreviation "Dr" at the end of the line

The account which is to be creditor is to be stated immediately afterwards, prefixed by the word "To"

Then follows the explanation of the entry, with full details if necessary. This explanation should show what the entry means, without necessity for reference to any other source of information. The term used to denote this explanation is "narration"

Rule a line across the entry column, so as to distinctly separate the entries from each other

Add up each money column at the foot of the page, the Dr and Cr totals should agree

The Journal entries of the following transactions of David Newman are shown on page 28 —

| 1901    |  | £      | s  | d. |
|---------|--|--------|----|----|
| March 1 | David Newman commenced business with cash    | 500    | 0  | 0  |
| " 4     | Bought 50 tons iron at £6 from Sharp & Sharp | 300    | 0  | 0  |
| " 5     | Sold 10 tons @ £6 10s for cash               | 65     | 0  | 0  |
| " 8     | Sold to Richards & Co 30 tons @ £6 11s       | 196    | 10 | 0  |
| " 11    | Paid Sharp & Sharp cash                      | 300    | 0  | 0  |
| " 13    | Bought for cash 10 tons @ £5 18s             | 59     | 0  | 0  |
| " 18    | Sold Waring & Son 20 tons @ £6 6s            | 126    | 0  | 0  |
| " 28    | David Newman withdrew from business, cash    | 20     | 0  | 0  |
| " 30    | Paid for rent, cash                          | 10     | 0  | 0  |
| " 30    | Paid for wages                               | 5      | 0  | 0  |
|         |  | £1,581 | 10 | 0  |

NOTE — The transaction on March 28th means that David Newman receives cash from the business's cash, and its effect is the reverse of the transaction on March 1st. David Newman *receives*, and is debtor £20 cash Account *pays*, and is creditor £20

On March 30th there are two payments of cash for rent and wages. In the previous chapter these items were placed together in one Nominal Account; instead of doing so, in practice a separate Nominal Account is opened for each class of expenditure representing no actual tangible (or *real*) value, and headed "Rent Account," "Wages Account," or whatever the nature of the item may be

When, as in this case, there are two or more items debtor to the same



## JOURNAL

| 1901 |    |                                  |    |   | £    | s  | d | £    | s  | d |
|------|----|----------------------------------|----|---|------|----|---|------|----|---|
| Mar  | 1  | Cash Account                     | Dr | 1 | 500  | 0  | 0 |      |    |   |
|      |    | To David Newman                  |    | 5 |      |    |   | 500  | 0  |   |
|      |    | For Cash brought into Business   |    |   |      |    |   |      |    |   |
|      |    | by him at commencement           |    |   |      |    |   |      |    |   |
|      | 4  | Goods Account                    | Dr | 2 | 300  | 0  | 0 |      |    |   |
|      |    | To Sharp & Sharp                 |    | 6 |      |    |   | 300  | 0  |   |
|      |    | For 50 tons Iron @ £6, bought of |    |   |      |    |   |      |    |   |
|      |    | them                             |    |   |      |    |   |      |    |   |
|      | 5  | Cash Account                     | Dr | 1 | 65   | 0  | 0 |      |    |   |
|      |    | To Goods Account                 |    | 2 |      |    |   | 65   | 0  |   |
|      |    | For 10 tons Iron @ £6 10s, sold  |    |   |      |    |   |      |    |   |
|      |    | for Cash                         |    |   |      |    |   |      |    |   |
|      | 8  | Richards & Co                    | Dr | 7 | 196  | 10 | 0 |      |    |   |
|      |    | To Goods Account                 |    | 2 |      |    |   | 196  | 10 | 0 |
|      |    | For 30 tons Iron @ £6 11s sold   |    |   |      |    |   |      |    |   |
|      |    | to them                          |    |   |      |    |   |      |    |   |
|      | 11 | Sharp & Sharp                    | Dr | 6 | 300  | 0  | 0 |      |    |   |
|      |    | To Cash Account                  |    | 1 |      |    |   | 300  | 0  | 0 |
|      |    | For Cash paid to them            |    |   |      |    |   |      |    |   |
|      | 13 | Goods Account                    | Dr | 2 | 59   | 0  | 0 |      |    |   |
|      |    | To Cash Account                  |    | 1 |      |    |   | 59   | 0  | 0 |
|      |    | For 10 tons Iron @ £5 18s        |    |   |      |    |   |      |    |   |
|      |    | bought for Cash                  |    |   |      |    |   |      |    |   |
|      | 15 | Waring & Son                     | Dr | 8 | 126  | 0  | 0 |      |    |   |
|      |    | To Goods Account                 |    | 2 |      |    |   | 126  | 0  | 0 |
|      |    | For 20 tons Iron @ £6 6s, sold   |    |   |      |    |   |      |    |   |
|      |    | to them                          |    |   |      |    |   |      |    |   |
|      | 28 | David Newman                     | Dr | 5 | 20   | 0  | 0 |      |    |   |
|      |    | To Cash Account                  |    | 1 |      |    |   | 20   | 0  | 0 |
|      |    | For Cash paid to him             |    |   |      |    |   |      |    |   |
|      | 30 | Rent Account                     | Dr | 3 | 10   | 0  | 0 |      |    |   |
|      |    | Wages Account                    | "  | 4 | 5    | 0  | 0 |      |    |   |
|      |    | To Cash Account                  |    | 1 |      |    |   | 15   | 0  | 0 |
|      |    | For Cash paid                    |    |   |      |    |   |      |    |   |
|      |    |                                  |    |   | 1581 | 10 | 0 | 1581 | 10 | 0 |

## EXERCISE 5

Journalise the following transactions of Robert Gibson

| 1901    |  | £   | s  | d  |
|---------|--|-----|----|----|
| March 1 | Robert Gibson commences business with goods and cash | 153 | 19 | 6  |
| „ 5     | Bought goods for cash                                | 38  | 10 | 0  |
| „ 8     | Sold goods to the Stores Ltd                         | 99  | 15 | 3  |
| „ 12    | Sold goods for cash                                  | 15  | 13 | 2  |
| „ 14    | Lent George Birdsall                                 | 5   | 0  | 0  |
| „ 16    | Bought stationery (for office) for cash              | 2   | 10 | 0  |
| „ 18    | Sold goods to Alfred Owen & Sons                     | 10  | 11 | 6  |
| „ 20    | Bought goods from Phillips & Co                      | 49  | 10 | 8  |
| „ 22    | Bought goods from the Stores, Ltd                    | 3   | 10 | 8  |
| „ 22    | Bought goods for cash                                | 4   | 0  | 0  |
| „ 25    | Sold goods to Watson & James                         | 59  | 16 | 10 |
| „ 25    | Sold goods for cash                                  | 3   | 15 | 0  |
| „ 28    | Paid cash for advertising                            | 2   | 0  | 0  |
| „ 29    | Received from Geo Birdsall, goods                    | 4   | 10 | 0  |
| „ 29    | „ „ cash   | 10  | 0  | 0  |
| „ 30    | Paid rent, £5, and wages, £6                         | 11  | 0  | 0  |

## EXERCISE 6

Journalise the following transactions of Benjamin Holdsworth, making necessary calculations, and state the money values in each case —

| 1901    |   | £  | s  | d |
|---------|---|----|----|---|
| March 1 | Benjamin Holdsworth commenced business with 1,200 yards cloth, value 3/ per yard, and cash, £25 |    |    |   |
| „ 6     | Sold 100 yds cloth @ 3/6 per yd for cash  |    |    |   |
| „ 9     | Sold Williamson & Co 250 yds cloth @ 3/4  |    |    |   |
| „ 12    | Paid for trade expenses   | 5  | 0  | 0 |
| „ 15    | Received from Williamson & Co, cash   | 20 | 0  | 0 |
| „ 18    | Sold J Innes & Co 400 yds cloth @ 3/3   |    |    |   |
| „ 23    | Benjamin Holdsworth withdraws cash  | 10 | 0  | 0 |
| „ 25    | Bought of the Manufacturing Co Ltd 60 yds @ 2/9   |    |    |   |
| „ 27    | Paid for rent   | 3  | 10 | 0 |
| „ 29    | Received from J Innes & Co, cash  | 65 | 0  | 0 |
| „ 30    | Benjamin Holdsworth takes out of business   |    |    |   |



"To post" means to write an entry of a transaction in the Ledger. Ledger entries are often referred to as "postings."

The Ledger must contain all the accounts of the business, and these accounts are as stated on page 21, divisible into three groups, viz. —

\*Real Accounts

\*Nominal Accounts

Personal Accounts

We will deal with a Real Account, viz., Cash Account as an example of posting Ledger Accounts.

Turning to the Journal entries on page 28, representing the transactions of David Newman, we find the first account referred to is "Cash." We will now "open" a Cash Account in the Ledger, and "post" all the cash items.

### CASH ACCOUNT

| Dr     |                         |   |         | Cr     |                        |   |         |
|--------|-------------------------|---|---------|--------|------------------------|---|---------|
| 1901   |                         |   | £ s d   | 1901   |                        |   | £ s d   |
| Mch 1  | To David Newman         | 1 | 500 0 0 | Mch 11 | By Sharp and Sharp     | 1 | 300 0 0 |
| 5      | „ Goods                 | 1 | 65 0 0  | 13     | „ Goods                | 1 | 59 0 0  |
|        |                         |   |         | 28     | „ David Newman         | 1 | 20 0 0  |
|        |                         |   |         | 30     | „ Rent                 | 1 | 10 0 0  |
|        |                         |   |         | 30     | „ Wages                | 1 | 5 0 0   |
|        |                         |   |         | 30     | „ Balance carried down |   | 171 0 0 |
|        |                         |   | 565 0 0 |        |                        |   | 565 0 0 |
| Mch 30 | To Balance brought down |   | 171 0 0 |        |                        |   |         |

The abbreviations Dr and Cr on the debit and credit sides, coupled with the words To and By, are used to indicate that the account is *indebted to* the accounts from which it receives value, and *credited by* the accounts to which it delivers value.

All the transactions in which cash is debtor are entered or posted from the *first* (or debtor) money column in the Journal on the left-hand side, or debit side, of the Cash Account in the Ledger. the page (folio) of the Journal—viz., 1—being written in

the space provided for that purpose in the Ledger. Converse Cash Account being on page 1 in the Ledger, that page (folio) written in the space provided in the Journal. This inserting folios should not be neglected, not only does it facilitate reference from one book to another, but it helps to prevent omissions & posting.

All the items in which "Cash" is creditor are *entered* or *posted* from the second or credit money column in the Journal to the right hand side or credit side of the Cash Account in the Ledger. The Journal folio being written in the Ledger, and the Ledger folio being written in the Journal, opposite every item.

The Cash Account is added up and the balance, as explained in Chapter II, is carried down.

The transverse line is drawn across the blank space in the debtor side of the account in order to prevent any possibility of future entry being made in error in that space, *after* the total is inserted.

We have now in this account a clear statement of all transactions in cash, showing that the business should possess at the end of the month a sum of £171 in cash.

The Ledger now given contains, first, the remaining Reaccount—viz, Goods; secondly, the Nominal Accounts—Rent and Wages; thirdly, the Personal Accounts—David Newman, Sharp & Sharp, Richards & Co, Waring & Son.

| Dr   |                  | GOODS ACCOUNT |     |   |   |       |                 |   |     |    |   | Cr |  | 2 |
|------|------------------|---------------|-----|---|---|-------|-----------------|---|-----|----|---|----|--|---|
| 1901 |                  | J             | £   | s | d | 1901  |                 | J | £   | s  | d |    |  |   |
| ar 4 | To Sharp & Sharp | 1             | 300 | 0 | 0 | Mar 5 | By Cash         | 1 | 65  | 0  | 0 |    |  |   |
| 13   | „ Cash           | 1             | 59  | 0 | 0 | 8     | „ Richards & Co | 1 | 196 | 10 | 0 |    |  |   |
|      |                  |               |     |   |   | 15    | „ Waring & Son  | 1 | 126 | 0  | 0 |    |  |   |

| Dr    |         | RENT ACCOUNT |    |   |   |  |  |  |  |  |  | Cr |  | 3 |
|-------|---------|--------------|----|---|---|--|--|--|--|--|--|----|--|---|
| 1901  |         | J            | £  | s | d |  |  |  |  |  |  |    |  |   |
| ar 30 | To Cash | 1            | 10 | 0 | 0 |  |  |  |  |  |  |    |  |   |

| Dr    |         | WAGES ACCOUNT |   |   |   |  |  |  |  |  |  | Cr |  | 4 |
|-------|---------|---------------|---|---|---|--|--|--|--|--|--|----|--|---|
| 1901  |         | J             | £ | s | d |  |  |  |  |  |  |    |  |   |
| ar 30 | To Cash | 1             | 5 | 0 | 0 |  |  |  |  |  |  |    |  |   |

|        |         |                              |    |   |   |       |         |   |     |   |   |    |
|--------|---------|------------------------------|----|---|---|-------|---------|---|-----|---|---|----|
| 5      | Dr      | DAVID NEWMAN CAPITAL ACCOUNT |    |   |   |       |         |   |     |   |   | Cr |
| 1901   |         |                              | J  | £ | s | d     | 1901    |   |     | J | £ | s  |
| Mar 28 | To Cash | 1                            | 20 | 0 | 0 | Mar 1 | By Cash | 1 | 500 | 0 |   | 0  |

NOTE.—The "Capital Account" is the Account showing the position of the Proprietor in relation to the Business

|        |         |   |     |   |   |       |          |   |     |   |   |    |
|--------|---------|---|-----|---|---|-------|----------|---|-----|---|---|----|
| 6      | Dr      | SHARP & SHARP, 1, Market Place Dullington |     |   |   |       |          |   |     |   |   | Cr |
| 1901   |         |   | J   | £ | s | d     | 1901     |   |     | J | £ | s  |
| Mar 11 | To Cash | 1   | 300 | 0 | 0 | Mar 4 | By Goods | 1 | 300 | 0 |   | 0  |

|       |          |   |     |    |   |   |  |  |  |  |  |    |
|-------|----------|---|-----|----|---|---|--|--|--|--|--|----|
| 7     | Dr       | RICHARDS & CO 14, Queens Road, Portsmouth |     |    |   |   |  |  |  |  |  | Cr |
| 1901  |          |   | J   | £  | s | d |  |  |  |  |  |    |
| Jan 8 | To Goods | 1   | 196 | 10 | 0 |   |  |  |  |  |  |    |

|        |          |                                       |     |   |   |   |  |  |  |  |  |    |
|--------|----------|---------------------------------------|-----|---|---|---|--|--|--|--|--|----|
| 8      | Dr       | WARING & SON, Albion Works Birkenhead |     |   |   |   |  |  |  |  |  | Cr |
| 1901   |          |                                       | J   | £ | s | d |  |  |  |  |  |    |
| Mar 15 | To Goods | 1                                     | 126 | 0 | 0 |   |  |  |  |  |  |    |

Each of the above accounts is supposed to have a separate or folio allotted to it in the Ledger

The Ledger now contains a classified record of all transactions

In the next chapter we shall see what further use is made of these accounts, and how they are finally dealt with at the end of any given period of trading. It is important that at this point the student should have obtained a clear idea of the original entries (Journal), and how they are arranged and collected in concise form (Ledger)

## EXERCISE 7

Journalise the following transaction of Hugh Bayliss, post to the ledger, balance the Cash Account —

| 1901    |  | £  | s  | d |
|---------|--|----|----|---|
| April 1 | Hugh Bayliss commenced business with a stock of goods  | 10 | 15 | 9 |
| „ 3     | Sold goods for cash                                    | 3  | 10 | 0 |
| „ 6     | *Paid rent   | 10 | 0  |   |
| „ 10    | Bought goods from Duncan & Sons, 1, John Street, Derby | 5  | 16 | 9 |
| „ 11    | Sold goods to Vasey & Co, 29, Wood Street, Northampton | 4  | 11 | 8 |
| „ 13    | Sold goods for cash                                    | 4  | 17 | 6 |
| „ 13    | Paid rent  | 10 | 0  |   |
| „ 16    | Paid Duncan & Sons cash                                | 3  | 0  | 0 |
| „ 16    | Sold goods to Duncan & Sons                            | 2  | 16 | 9 |
| „ 18    | Bought goods from Vasey & Co                           | 2  | 0  | 0 |
| „ 20    | Paid rent  | 10 | 0  |   |
| „ 24    | Sold goods for cash                                    | 4  | 14 | 4 |
| „ 24    | Received cash from Vasey & Co                          | 2  | 11 | 8 |
| „ 27    | Paid rent  | 10 | 0  |   |
| „ 30    | *Paid cash for sundry trade expenses                   | 2  | 0  | 0 |

\*Rent and trade expenses may be included in *one* nominal account, 'Expenses account'

## EXERCISE 8

Journalise the following transactions of Frank Harwood, post to the ledger, balance the Cash Account and the Personal Accounts —

| 1901    |  | £     | s | d |
|---------|--|-------|---|---|
| April 1 | Received cash on loan from Samuel Lawson | 1,200 | 0 | 0 |
| „ 4     | Bought goods from Marks & Co             | 1,050 | 0 | 0 |
| „ 6     | Paid Marks & Co                          | 1,050 | 0 | 0 |
| „ 9     | Sold goods for cash                      | 720   | 0 | 0 |
| „ 11    | Sold goods to Piper Bros & Co            | 385   | 0 | 0 |
| „ 14    | Received cash from Piper Bros & Co       | 285   | 0 | 0 |
| „ 16    | Paid Samuel Lawson                       | 1,000 | 0 | 0 |
| „ 16    | Sold goods to Samuel Lawson              | 40    | 0 | 0 |
| „ 23    | Bought goods from Samuel Lawson          | 50    | 0 | 0 |
| „ 26    | Sold goods for cash                      | 100   | 0 | 0 |
| „ 26    | Paid cash to Samuel Lawson               | 100   | 0 | 0 |
| „ 27    | Bought goods from Thoresby & Son         | 340   | 0 | 0 |
| „ 27    | Sold goods to Stamford Bros              | 465   | 0 | 0 |
| „ 27    | Received cash from Stamford Bros         | 350   | 0 | 0 |
| „ 30    | Paid cash to Samuel Lawson               | 110   | 0 | 0 |

## CHAPTER VI

### BALANCING THE TRIAL BALANCE

Book-keeping is intended to show the trader the true result of his transactions at the end of any stated period of trading at the end of such a period, which is usually six or twelve months. The trader wishes to know the exact position of his business, and whether his transactions have resulted in a profit or a loss. We will now explain how this object is attained. Let us suppose that David Newman, whose transactions appear in Chapter V, wishes at the end of March to ascertain the result of his trading during the month. Two things must be done—

1. Take stock
2. Balance the Ledger

It is very seldom practicable to perform both these functions on the same day, but a list of the goods on hand at the close of the business on the last day of the period, in this case 30th March, could be prepared without any delay in order to avoid error. The subject of Stock-taking will be referred to later. We will assume that goods costing £10 are in hand on 30th March, and proceed at once to the second step—the balancing of the Ledger.

All the transactions have been recorded in the book of original entry (the Journal), all the entries in the Journal have been posted to the Ledger, and these entries comprise an equal amount of money, of debtor and creditor items. This means that our Ledger, as a whole, contains equal amounts on each side of the accounts, *if the postings have been made correctly*. In order to find out *if* the two sides of the Ledger Accounts *do* agree, a list of all the balances appearing in these accounts is prepared, called the *Trial Balance*.

The following list, or Trial Balance, is written out on a loose sheet of paper, and must not be considered as being an *account* of



# DAVID NEWMAN TRIAL BALANCE (30th March, 1901)

| Ledger Folio | Name of Account               | Dr Balance |    |   | Cr Balance |    |
|--------------|-------------------------------|------------|----|---|------------|----|
|              |                               | £          | s  | d | £          | s  |
| 1            | Cash                          | 171        | 0  | 0 |            |    |
| 2            | Goods                         |            |    |   | 28         | 10 |
| 3            | Rent                          | 10         | 0  | 0 |            |    |
| 4            | Wages                         | 5          | 0  | 0 |            |    |
| 5            | David Newman, Capital Account |            |    |   | 480        | 0  |
| 7            | Richards & Co                 | 196        | 10 | 0 |            |    |
| 8            | Waring & Son                  | 126        | 0  | 0 |            |    |
|              |                               | 508        | 10 | 0 | 508        | 10 |

To understand this the student should now refer to the Ledger (pages 34, 32, 33) In preparing the Trial Balance, each account must be examined

Ledger Folio 1—Cash Account—The debit side exceeds the credit side by £171, which amount is therefore a Debtor Balance and is inserted in the Trial Balance

Ledger Folio 2—Goods Account—This account should not be added in ink at present, but the totals of each side are ascertained (pencilled in if necessary) to be Dr £359 and Cr £387 10s. The Cr side exceeds the Dr side by £28 10s, which amount is therefore a Credit Balance, and is inserted in the Trial Balance

Ledger Folio 3—Rent Account - Dr total, £10, Cr total, nil. Debtor Balance, £10, inserted in Trial Balance

Ledger Folio 4—Wages Account—Dr total, £5, Cr total, nil. Debtor Balance, £5, inserted in Trial Balance

Ledger Folio 5—David Newman, Capital Account—Dr total, £20, Cr total, £500. Credit Balance, £480, inserted in Trial Balance

Ledger Folio 6—Sharp & Sharp—Dr and Cr totals are equal. No balance

Ledger Folio 7—Richards & Co—Dr total, £196 10s.; Cr total, nil. Debtor Balance, £196 10s, inserted in Trial Balance

Ledger Folio 8—Waring & Son—Dr. total, £126; Cr. total,

All the Ledger Accounts having been examined, and the balances written on the Trial Balance, the Dr and Cr columns of the latter are added up, and the totals are found to agree with each other. This *must* be the result if *equal amounts* have been posted to each side of the Ledger, and in ascertaining the balances *equal amounts* have been omitted on each side. The Trial Balance is a useful preliminary step towards the completion of the book-keeping for a given period. It is important that the student should understand that it must not be regarded as an absolute check upon the accuracy of the book-keeping. It will be sufficient at present to point out that the Trial Balance will *not* reveal the following errors:—

Posting an amount to the *wrong account* in the Ledger

Omitting to post *two* equal amounts to the Dr and Cr sides of the Ledger

The Trial Balance occasionally is found *not* to agree in totals of balances, this disagreement, or “difference,” may be caused by

Posting a wrong amount to the Ledger, such as £23 6s 0d instead of £20 3s 6d

Omitting to post an amount

Writing down Ledger Balance wrongly

Omitting the balance of an account from the Trial Balance

Posting an amount to the wrong side of the Ledger Account

Any “difference” should be searched for by comparing all the entries or postings until it is discovered, and the Trial Balance corrected.

We must now go back to the Goods Account, and deal with the stock of goods on hand. The Goods Account, as it now stands in the Ledger, shows us that this account has *received* value to the amount of £359, and that it has *parted with* value to the amount of £387 10s 0d. We also know, by inspection of the goods unsold on hand, that this portion of the business possesses a stock to the value of £10. What happens is this:—The Trader’s business will *recommence* its operations *on the day following* the end of the period now under consideration, viz., the 31st of March, and of course it will possess in “goods” this ~~in value~~ £10. The business’s Goods Account for the month

onth of March, and the Goods Account (March) hands over *livers* this value to the Goods Account (April) exactly in the same way as the Cash Account hands over its cash in hand to a new Cash Account. The April Goods Account is therefore debitor to the March Goods Account for the stock, £10

The following entries record this —

### JOURNAL

|      |    |   |    |   |   |    |   |   |   |   |    |   |   |   |
|------|----|---|----|---|---|----|---|---|---|---|----|---|---|---|
|      |    |   |    |   |   |    |   |   |   |   |    |   |   | 2 |
| 1901 |    |   |    |   |   |    |   |   |   |   |    |   |   |   |
| ar   | 30 | Goods Account (April)                               | Dr | 9 | £ | 10 | s | 0 | d | 0 | £  | s | d |   |
|      |    | To Goods Account (March) for value of Stock on hand |    | 2 |   |    |   |   |   |   | 10 | 0 | 0 |   |

### LEDGER

|      |    |                       |   |     |   |      |     |    |                                   |   |     |    |   |
|------|----|-----------------------|---|-----|---|------|-----|----|-----------------------------------|---|-----|----|---|
| Dr   |    | GOODS ACCOUNT (March) |   |     |   |      |     | Cr |                                   | 2 |     |    |   |
| 1901 |    | J                     | £ | s   | d | 1901 |     | J  | £                                 | s | d   |    |   |
| Mar  | 4  | To Sharp & Sharp      | 1 | 300 | 0 | 0    | Mar | 5  | By Cash                           | 1 | 65  | 0  | 0 |
|      | 13 | „ Cash                | 1 | 59  | 0 | 0    |     | 8  | „ Richards & Co                   | 1 | 196 | 10 | 0 |
|      |    |                       |   |     |   |      |     | 10 | „ Waring & Son                    | 1 | 126 | 0  | 0 |
|      |    |                       |   |     |   |      |     | 30 | „ Goods Account (April) for Stock | 2 | 10  | 0  | 0 |

|      |    |                                    |   |    |   |   |  |    |  |   |  |  |
|------|----|------------------------------------|---|----|---|---|--|----|--|---|--|--|
| Dr   |    | GOODS ACCOUNT (April)              |   |    |   |   |  | Cr |  | 9 |  |  |
| 1901 |    | J                                  | £ | s  | d |   |  |    |  |   |  |  |
| Mar  | 30 | To Goods Account (March) for Stock | 2 | 10 | 0 | 0 |  |    |  |   |  |  |

## EXERCISE 9

Journalise the following transactions, post to Ledger, and prepare Trial Balance at 30th April, 1901

| 1901    |   | £   | s | d |
|---------|---|-----|---|---|
| April 1 | Arthur Robson commences business with cash, £300, and goods | 100 | 0 | 0 |
| „ 4     | Sold goods for cash   | 40  | 0 | 0 |
| „ 5     | Bought goods from Richard Armstrong                         | 125 | 0 | 0 |
| „ 10    | Sold goods to Harrison & Wells                              | 280 | 0 | 0 |
| „ 12    | Bought goods from Evered Bros                               | 142 | 0 | 0 |
| „ 15    | Bought goods for cash                                       | 110 | 0 | 0 |
| „ 18    | Paid cash to Richard Armstrong                              | 125 | 0 | 0 |
| „ 23    | Received cash from Harrison & Wells                         | 100 | 0 | 0 |
| „ 25    | Arthur Robson withdraws cash                                | 100 | 0 | 0 |
| „ 27    | Bought goods from Wheeler & Son                             | 120 | 0 | 0 |
| „ 29    | Sold goods to Armitage Bros                                 | 300 | 0 | 0 |
| „ 30    | Paid cash to Wheeler & Son                                  | 80  | 0 | 0 |
| „ 30    | Paid sundry expenses  | 20  | 0 | 0 |

## EXERCISE 10

Journalise the following transactions, post to Ledger, prepare Trial Balance at the 30th April, 1901 -

| 1901    |   | £  | s  | d  |
|---------|---|----|----|----|
| April 1 | Alfred Hyman commences business with cash, £50, and horse and cart, £20 |    |    |    |
| „ 2     | Bought goods for cash   | 17 | 10 | 0  |
| „ 3     | Sold goods for cash   | 13 | 14 | 6  |
| „ 6     | Bought goods from Hume & Rees   | 12 | 8  | 4  |
| „ 9     | Sold goods to Green & Co  | 38 | 10 | 8  |
| „ 12    | Bought goods from Lewis & Hopkins                                       | 14 | 7  | 3  |
| „ 13    | Paid wages  | 2  | 19 | 8  |
| „ 16    | Paid Hume & Rees  | 12 | 5  | 5  |
| „ 20    | Bought goods from Lewis & Hopkins                                       | 30 | 11 | 10 |
| „ 20    | Paid wages  | 1  | 17 | 6  |
| „ 23    | Sold horse and cart to Lewis & Hopkins                                  | 22 | 0  | 0  |
| „ 24    | Received cash from Green & Co   | 10 | 8  | 10 |
| „ 25    | Paid cash to Lewis & Hopkins  | 22 | 19 | 1  |
| „ 26    | Paid wages  | 2  | 15 | 9  |
| „ 27    | Paid wages  | 2  | 4  | 2  |
| „ 29    | Sold goods to Joseph Fletcher   | 27 | 11 | 9  |

Open separate account for "Horse and Cart"

After preparing Trial Balance, journalise and post the stock of goods

## CHAPTER VII

### PROFIT AND LOSS ACCOUNT- BALANCE SHEET

For the purpose of showing in a convenient form the result of the transactions of the business for a given period, an account is opened called the *Profit and Loss Account*, into which are collected the balances of the Nominal Accounts — i.e., the accounts which do not represent actual assets or actual liabilities. The first account of this kind is the Goods Account (March).

The entries in the previous chapter show us the position of the account after the stock has been duly recorded. The Goods account (March) is now altered, and shows a Creditor Balance of £38 10s. This means that it has parted with (in actual sale value of goods unsold) £38 10s. more value than it received - the result of selling goods at a higher value than they cost. The Creditor Balance is a *profit* on the goods, and is carried to a new account which is intended to show the final result of the transactions, viz., the *Profit and Loss Account*.

## JOURNAL

[illegible]

## LEIDIGER

| D.   |    |                   |   | GOODS ACCOUNT (March) |    |   |      | Cr. |                 |   |     | 2  |   |
|------|----|-------------------|---|-----------------------|----|---|------|-----|-----------------|---|-----|----|---|
| 1901 |    |                   |   | £                     | s  | d | 1901 |     |                 | £ | s   | d  |   |
| Mr   | 4  | To Sharp & Sharp  | 1 | 300                   | 0  | 0 | Mar  | 5   | By Cash         | 1 | 65  | 0  | 0 |
|      | 13 | „ Cash            | 1 | 59                    | 0  | 0 |      | 8   | „ Richards & Co | 1 | 196 | 10 | 0 |
|      | 30 | „ Profit and Loss |   |                       |    |   |      | 15  | „ Waring & Son  | 1 | 126 | 0  | 0 |
|      |    | Account           | 2 | 38                    | 10 | 0 |      | 30  | „ Stock         | 2 | 10  | 0  | 0 |
|      |    |                   |   | 397                   | 10 | 0 |      |     |                 |   | 397 | 10 | 0 |

| PROFIT AND LOSS ACCOUNT |  |  |  |  |        |                  |   |    |    | 10 |
|-------------------------|--|--|--|--|--------|------------------|---|----|----|----|
| Dr                      |  |  |  |  | Cr     |                  |   |    |    |    |
|                         |  |  |  |  | 1901   |                  |   |    |    |    |
|                         |  |  |  |  | Mar 30 | By Goods Account | 2 | £  | s. | d. |
|                         |  |  |  |  |        |                  |   | 38 | 10 | 0  |

The above entries show how the Goods Account is "closed" a Journal entry, which transfers or carries its balance of profit

Turning to the Trial Balance, we see that the Debtor Balance are divisible into two kinds—(a) Balances which represent actual property or assets (viz, the cash, £171, and debts due from Richards, £196 10s, and Waring, £126), (b) Balances which do not represent assets (viz, the Nominal Accounts—Rent, £1 and wages, £5)

We deal with the latter (b) first. These accounts represent expenses incurred in conducting the business, and in order to show the final result they must be collected into the "Profit and Loss Account."

This is done as follows —

### JOURNAL

|      |    |                         |  |    |    |   |   |   |    |   |   |
|------|----|-------------------------|--|----|----|---|---|---|----|---|---|
|      |    |                         |  |    |    |   |   |   |    | 2 |   |
| 1901 |    |                         |  |    |    |   |   |   |    |   |   |
| Mar  | 30 | Profit and Loss Account |  | Dr | 10 | £ | s | d | £  | s | d |
|      |    | To Rent Account         |  |    | 3  |   | 0 | 0 | 10 | 0 | 0 |
|      |    | " Wages Account         |  |    | 4  |   |   |   | 5  | 0 | 0 |

### LEDGER

|         |    |              |    |   |   |                            |    |   |    |   |   |    |  |   |
|---------|----|--------------|----|---|---|----------------------------|----|---|----|---|---|----|--|---|
| 3       |    | RENT ACCOUNT |    |   |   |                            |    |   |    |   |   | Cr |  | 3 |
| Dr      |    |              |    |   |   |                            |    |   |    |   |   |    |  |   |
| 1901    |    | J            | £  | s | d | 1901                       |    | J | £  | s | d |    |  |   |
| Mar     | 30 | 1            | 10 | 0 | 0 | Mar                        | 30 | 2 | 10 | 0 | 0 |    |  |   |
| To Cash |    |              |    |   |   | By Profit and Loss Account |    |   |    |   |   |    |  |   |

|        |         |               |   |   |   |        |                            |   |   |   |   |    |  |
|--------|---------|---------------|---|---|---|--------|----------------------------|---|---|---|---|----|--|
| 4      |         | WAGES ACCOUNT |   |   |   |        |                            |   |   |   |   | 4  |  |
| Dr     |         |               |   |   |   |        |                            |   |   |   |   | Cr |  |
| 1901   |         | J             | £ | s | d | 1901   |                            | J | £ | s | d |    |  |
| Mar 30 | To Cash | 1             | 5 | 0 | 0 | Mar 30 | By Profit and Loss Account | 2 | 5 | 0 | 0 |    |  |

| 0      |         | PROFIT AND LOSS ACCOUNT |    |   |   |        |                  |   |    |    |   |  |  | 10 |  |
|--------|---------|-------------------------|----|---|---|--------|------------------|---|----|----|---|--|--|----|--|
| Dr     |         |                         |    |   |   |        |                  |   |    |    |   |  |  | Cr |  |
| 1901   |         | J                       | £  | s | d | 1901   |                  | J | £  | s  | d |  |  |    |  |
| for 30 | To Rent | 2                       | 10 | 0 | 0 | Mar 30 | By Goods Account | 2 | 38 | 10 | 0 |  |  |    |  |
| 30     | „ Wages | 2                       | 5  | 0 | 0 |        |                  |   |    |    |   |  |  |    |  |

The Rent Account and the Wages Account are now "closed." The Profit and Loss Account shows now a Credit Balance of £3 10s., this is the amount of profit on the goods after deducting the expenses (rent and wages) and having a Credit Balance

The balance of the Profit and Loss Account must now be carried to the credit side of the account of David Newman.

[illegible]

| 1901   |                             | Dr |    |    |   | PROFIT AND LOSS ACCOUNT |                  |   |    | Cr |    |  |  |
|--------|-----------------------------|----|----|----|---|-------------------------|------------------|---|----|----|----|--|--|
| 1901   |                             |    |    |    |   | 1901                    |                  |   |    |    |    |  |  |
| Mar 30 | To Rent                     | 2  | 10 | 0  | 0 | Mar 30                  | By Goods Account | 2 | 38 | 10 |    |  |  |
| 30     | „ Wages                     | 2  | 5  | 0  | 0 |                         |                  |   |    |    |    |  |  |
| 30     | „ David New<br>man (Profit) | 2  | 23 | 10 | 0 |                         |                  |   |    |    |    |  |  |
|        |                             |    | 38 | 10 | 0 |                         |                  |   |    | 38 | 10 |  |  |

| DAVID NEWMAN—CAPITAL ACCOUNT |                        |   |     |    |    |        |                           |   |     |    |   |
|------------------------------|------------------------|---|-----|----|----|--------|---------------------------|---|-----|----|---|
| Dr                           |                        |   |     |    | Cr |        |                           |   |     |    |   |
| 1901                         |                        |   | £   | s  | d  | 1901   |                           |   | £   | s  | d |
| Jan 28                       | To Cash                | 1 | 20  | 0  | 0  | Mar 1  | By Cash                   | 1 | 500 | 0  | 0 |
| 30                           | „ Balance carried down |   | 503 | 10 | 0  | 30     | „ Profit and Loss Account | 2 | 23  | 10 | 0 |
|                              |                        |   | 523 | 10 | 0  |        |                           |   | 523 | 10 | 0 |
|                              |                        |   |     |    |    | Mar 30 | By Balance brought down   |   | 503 | 10 | 0 |

What is required now is a statement showing the position of the business on 30th March, i.e., its *liabilities and assets*. The Ledger contains this information in its various accounts. These are now to be arranged in the form of a *Balance Sheet*.

A **\*Balance Sheet** is a statement showing the liabilities and

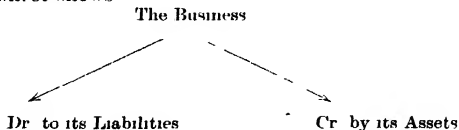
## THE BALANCE SHEET

BALANCE SHEET, 30TH MARCH, 1901

| <i>Liabilities</i>        | £   | s  | d | <i>Assets</i>    | £   | s  | d |
|---------------------------|-----|----|---|------------------|-----|----|---|
| To David Newman (Capital) | 503 | 10 | 0 | By Cash          | 171 | 0  | 0 |
|                           |     |    |   | „ Goods in Stock | 10  | 0  | 0 |
|                           |     |    |   | „ Richards & Co  | 196 | 10 | 0 |
|                           |     |    |   | „ Waring & Son   | 126 | 0  | 0 |
|                           | 503 | 10 | 0 |                  | 503 | 10 | 0 |

The Balance Sheet is *not a Ledger Account*, but is a summary of the balances appearing in the Ledger *after* the books are finally posted up. It is written on a separate sheet of paper and is prepared as follows -- On the left-hand side, under the heading of *liabilities*, are entered all the *Cr* Balances, in the example the only liability of the business is that to the owner hereof, there are no liabilities to other persons. On the right-hand side are entered all the *Dr* Balances, which represent assets, as we have seen. The amounts are obtained by examining the Ledger, which shows these balances in the accounts of Cash, Goods (the April or new account) for Stock, Richards & Co and Waring & Son.

The student will probably inquire why the Debtor Balance is shown on the Balance Sheet on the *right-hand* side, and the Creditor Balance on the *left-hand* side. He should remember that this Statement or Balance Sheet is *not a Ledger Account*, but that it should be regarded as the statement showing the position of the business in relation to the owner and to other persons. In the Ledger the Cash and Goods, Waring, and Richards, are all *debtors* to the business, conversely, the business is the *creditor* of these assets. And as David Newman is the *creditor* of the business, so the business is *debtor* to David Newman. The Balance Sheet shows



This explains the reason for the form which is commonly followed in this country. The point is not one of practical importance, however, the chief consideration should be the



# EXERCISE 11

Assuming that the following Ledger Accounts have been posted from a Journal, prepare a Trial Balance at 31st May, 1901, record the stock goods on hand, 31st May, £92 10s, open and write up Profit and Loss Account, and prepare Balance Sheet, 31st May, 1901 (The following accounts should be copied out—capital, wages, rent—so that the closing entries may be added)

## LEDGER

### INDEX TO LEDGER

|                                 |            | Folio |
|---------------------------------|------------|-------|
| Buchanan Bros                   | Birmingham | 5     |
| Capital                         |            | 3     |
| Carver, Chas                    | Manchester | 9     |
| Cash                            |            | 1     |
| Goods                           |            | 2     |
| Herring, Jas                    | Lincoln    | 12    |
| Holden & Co                     | Plymouth   | 4     |
| Kinloch & Son                   | Bristol    | 6     |
| Perry & Sons Ltd                | Nottingham | 8     |
| Rent                            |            | 13    |
| Robertson, Alfred (Capital a/c) |            | 3     |
| Thompson, Thos                  | Derby      | 10    |
| Wages                           |            | 7     |
| Wright Bros & Co                | Leicester  | 11    |

| 1     |               |  |  | CASH ACCOUNT |    |   |        | C               |  |    |    |   |
|-------|---------------|--|--|--------------|----|---|--------|-----------------|--|----|----|---|
| Dr    |               |  |  |              |    |   |        |                 |  |    |    |   |
| 1901  |               |  |  | £            | s  | d | 1901   |                 |  | £  | s  | d |
| May 1 | To A Robert   |  |  | 50           | 0  | 0 | May 11 | By Wages        |  | 4  | 5  | 2 |
|       | son, Capital  |  |  |              |    |   | 13     | " Buchanan Bros |  | 55 | 10 |   |
|       | Account       |  |  |              |    |   | 16     | " Kinloch & Son |  | 17 | 15 |   |
| 4     | " Goods       |  |  | 8            | 10 | 6 | 18     | " Wages         |  | 2  | 10 |   |
| 11    | " "           |  |  | 10           | 17 | 3 | 24     | " Goods         |  | 32 | 16 |   |
| 18    | " "           |  |  | 12           | 15 | 8 | 25     | " Wages         |  | 2  | 13 |   |
| 24    | " Holden & Co |  |  | 40           | 10 | 0 | 31     | " "             |  | 2  | 4  |   |
| 25    | " Goods       |  |  | 11           | 9  | 3 | 31     | " Rent          |  | 10 | 0  |   |
| 28    | " Chas Carver |  |  | 15           | 14 | 6 |        |                 |  |    |    |   |

| Dr    |   | GOODS ACCOUNT |    |   |       |                           |    | Cr |   |
|-------|---|---------------|----|---|-------|---------------------------|----|----|---|
| 1901  |   | £             | s  | d | 1901  |                           | £  | s  | d |
| May 1 | To A. Robert<br>son, Capital<br>Account | 85            | 0  | 0 | May 2 | By Holden & Co            | 23 | 10 | 0 |
| 3     | " Buchanan Bros                         | 35            | 0  | 0 | 4     | " Cash                    | 8  | 10 | 6 |
| 8     | " "                                     | 20            | 10 | 0 | 11    | " "                       | 10 | 17 | 3 |
| 10    | " Kinloch & Son                         | 17            | 15 | 0 | 16    | " Holden & Co             | 17 | 0  | 0 |
| 14    | " "                                     | 10            | 17 | 3 | 18    | " Cash                    | 12 | 15 | 8 |
| 18    | " Perry & Co 'Ld.                       | 8             | 16 | 9 | 20    | " Chas. Carver            | 15 | 14 | 6 |
| 23    | " Thos<br>Thompson                      | 11            | 9  | 2 | 25    | " Cash                    | 11 | 9  | 3 |
| 24    | " Cash                                  | 32            | 16 | 8 | 27    | " Wright, Bros.<br>and Co | 30 | 0  | 0 |
|       |   |               |    |   | 30    | " Jas Herring             | 30 | 15 | 4 |

| 3  |  | ALFRED ROBERISON—CAPITAL ACCOUNT |  |  |  |  |  |  |  |  |  | Cr |   |
|----|--|----------------------------------|--|--|--|--|--|--|--|--|--|----|---|
| Dr |  |                                  |  |  |  |  |  |  |  |  |  |    |   |
|    |  |                                  |  |  |  |  |  |  |  |  |  | £  | s |
|    |  |                                  |  |  |  |  |  |  |  |  |  | 50 | 0 |
|    |  |                                  |  |  |  |  |  |  |  |  |  | 85 | 0 |

1901  
May 1 By Cash  
1 " Goods

| 4  |  | HOLDEN & CO, Penquin Works, Plymouth |  |  |  |  |  |  |  |  |  | Cr |    |
|----|--|--------------------------------------|--|--|--|--|--|--|--|--|--|----|----|
| Dr |  |                                      |  |  |  |  |  |  |  |  |  |    |    |
|    |  |                                      |  |  |  |  |  |  |  |  |  | £  | s  |
|    |  |                                      |  |  |  |  |  |  |  |  |  | 40 | 10 |
|    |  |                                      |  |  |  |  |  |  |  |  |  |    |    |

1901  
May 2 To Goods  
16 " " 17 0 0  
40 10 0

1901  
May 24 By Cash

| 5  |  | BUCHANAN BROS, 17, Victoria Square, Birmingham |  |  |  |  |  |  |  |  |  | Cr |    |
|----|--|--|--|--|--|--|--|--|--|--|--|----|----|
| Dr |  |  |  |  |  |  |  |  |  |  |  |    |    |
|    |  |  |  |  |  |  |  |  |  |  |  | £  | s  |
|    |  |  |  |  |  |  |  |  |  |  |  | 35 | 0  |
|    |  |  |  |  |  |  |  |  |  |  |  | 20 | 10 |
|    |  |  |  |  |  |  |  |  |  |  |  | 55 | 10 |

1901  
May 13 To Cash 55 10 0

1901  
May 3 By Goods  
" " " "

| 6  |  | KINLOCH & SON, 4, Denmark Hill, Bristol |  |  |  |  |  |  |  |  |  | Cr |    |
|----|--|---|--|--|--|--|--|--|--|--|--|----|----|
| Dr |  |   |  |  |  |  |  |  |  |  |  |    |    |
|    |  |   |  |  |  |  |  |  |  |  |  | £  | s  |
|    |  |   |  |  |  |  |  |  |  |  |  | 17 | 15 |
|    |  |   |  |  |  |  |  |  |  |  |  | 10 | 17 |

1901  
May 16 To Cash 17 15 0

1901  
May 10 By Goods  
" " " "

| 7  |  | WAGES ACCOUNT |  |  |  |  |  |  |  |  |  | Cr |    |
|----|--|---------------|--|--|--|--|--|--|--|--|--|----|----|
| Dr |  |               |  |  |  |  |  |  |  |  |  |    |    |
|    |  |               |  |  |  |  |  |  |  |  |  | £  | s  |
|    |  |               |  |  |  |  |  |  |  |  |  | 4  | 2  |
|    |  |               |  |  |  |  |  |  |  |  |  | 2  | 10 |
|    |  |               |  |  |  |  |  |  |  |  |  | 2  | 18 |

1901  
May 11 To Cash 4 2 6  
18 " " 2 10 3  
26 " " 2 18 9

|   |           |  |                            |           |
|---|-----------|--|----------------------------|-----------|
| 8 | <i>Dr</i> | PERRY & SONS, Ltd, Park Street, Nottingham |                            | <i>Cr</i> |
|   |           |  | 19 <sup>01</sup><br>May 18 |           |
|   |           |  | By Goods                   |           |
|   |           |  |                            | £ 8 16    |

*Dt* CHAS CARVER, 353 New Road, Manchester *Cd*

| 1901<br>Jan 20 | To Goods | £<br>15 | s<br>14 | d<br>6 | 1901<br>May 28 | By Cash | £<br>15 | s<br>14 | d |
|----------------|----------|---------|---------|--------|----------------|---------|---------|---------|---|
|                |          | -       |         |        |                |         |         |         |   |

|    |   |        |          |    |    |
|----|---|--------|----------|----|----|
| Dr | THOMAS THOMPSON, 14, Merton Avenue, Derby |        |          |    | Cr |
|    |   |        | 1901     |    |    |
|    |   | May 23 | By Goods |    |    |
|    |   |        |          | £  | s  |
|    |   |        |          | 11 | 9  |

|                |          |                  |   |                        |  |                |  |   |
|----------------|----------|------------------|---|------------------------|--|----------------|--|---|
| D <sub>t</sub> |          | WRIGHT BROS & CO |   | The Armoury, Leicester |  | C <sub>t</sub> |  | 1 |
| 1901           | To Goods | £                | s | d                      |  |                |  |   |
| ty 27          |          | 38               | 0 | 0                      |  |                |  |   |

|      |    |                                      |    |    |   |  |  |  |  |  |  |    |  |
|------|----|--------------------------------------|----|----|---|--|--|--|--|--|--|----|--|
| D.   |    | JAS. HERRING, Warwick Place, Lincoln |    |    |   |  |  |  |  |  |  | C. |  |
| 1901 |    |                                      |    |    |   |  |  |  |  |  |  |    |  |
| y    | 30 | To Goods                             | £  | s  | d |  |  |  |  |  |  |    |  |
|      |    |                                      | 30 | 15 | 4 |  |  |  |  |  |  |    |  |

| Dr   |         | RENT ACCOUNT |   |   |  | Cr |  |
|------|---------|--------------|---|---|--|----|--|
| 9 01 |         |              |   |   |  |    |  |
| 31   | To Cash | £            | s | d |  |    |  |
|      |         | 10           | 0 | 0 |  |    |  |

## SECTION B — THE PRACTICE

### CHAPTER VIII

#### DIVISION OF ORIGINAL ENTRIES — SALES DAY BOOK

At this point it may be interesting to quote the qual language of an old writer,\* and to notice how the original entri were recorded in his day — “The Waste Book, if no subsidia Books are kept, should contain a record of all the Merchan Transactions and Dealings in a Way of Trade, and that not only such as are properly and purely Mercantile, but of every Occurren hat affects his Stock, so as to impair or increase it — such as priva Expenses, Servants’ Fees, House Rent, Money gained or lost c Wagers, Legacies, and the like — The Waste Book written in a plain and simple Stile, and ought to be so, for th ook being nothing but a bare History of Facts and Occurrences i Trade, containing the Matter and Substance of Accompts, withou nything of that artificial Dress which they assume in the othe ooks, the Stile should be suited to the Nature of a Narrativ hat is, simple, plain, and perspicuous, and the more it is so, it he more like what it should be, answers its Design the better, an he Book will be the more perfect — Yet this Simplicity of Stil oes not exclude the Use of Terms and Modes of Expression i se among Merchants, for, as every Artist has a Set of Words an Vays of Speaking, which they have a Liberty and Right to use s being peculiar to the Art they profess, so Merchants have theirs nd they speak and write like themselves, by using them — In al Merchants’ Writings, even in a Waste Book, when written by erson of Skill and Experience, there is a concise, emphatic Diction certain peculiar use of Words and Phrases, which is a kind o elegancy that runs through and adorns the whole, and at th me Time shows the Ability of the Accomptant — This should b urefully studied by a Learner, and is only to be acquired by onverse with Merchants and the Imitation of well-writ Books — Indeed the less of this Merchant Stile is to be expected in a Waste Book, in regard it is writ up in the Time of Business, and

often in the very Hurry of it, yet this inconvenience might be prevented if Accomptants would be at the Pains first to minn things upon a Blotter, and afterward when the Throng of Business is over, to extend them in the Waste Book By this Means both the Expression might be more accurate, and the Writ much fairer And this certainly is the Method that should be taken by a young Book-keeper "

"Having thus far insisted on the Nature of the Waste Book [ come now to take notice of its true Use, and the Necessity of keeping it both which appear from the Consideration following viz —First, the filling up of the Journal, being the nice and difficult part in Book-keeping, cannot well be performed in the Time of Business, but requires Leisure, and Retirement, Thought and Deliberation Nor is it proper to leave the Transactions of the Day unrecorded till the Hours of Business are over, for they may escape the Memory and be quite forgot, or at best breed confusion It is needful then, that a simple Record go constantly on, keeping pace with the Occurrences of Trade, containing a complete Narrative of everything transacted, out of which the Journal may be made up at leisure Hours Again, secondly, after the Journal is filled up, the Waste Book is the Touchstone by which it must be tried and proved, or if wrong, corrected It is therefore absolutely necessary to keep a Waste Book, and these are the proper and genuine Uses of it Indeed, after the Journal is filled up and corrected, the Waste Book is of little further Use and probably on this Account it has got the Name it bears "

"The Pocket-Book This is a small Book, of a portable Size which a Merchant carries in his Pocket when business calls him abroad to a Tavern, a Fair, the Country, or other Places In this he sets down the Bargains he makes, the Expenses he is at, the Debts he pays, or Sums he receives, with every other Part of Business he transacts while abroad, as also any Occurrence or Piece of News he thinks worth while to record, and when he comes home to his Compting-house or Shop, he transfers the things contained in this Book, each to their proper Places in the Waste Book or Books subsidiary "

"Factors of great Business sometimes keep another small Book called the 'Memorandum Book'

However important the Memorandum Book, Pocket Book, Waste Book, or Slate may have been, we will not trouble the student with them now, but will proceed to consider our subject in its more practical application.

In the preceding chapters the transactions have been dealt with in such a manner as will enable the student to obtain a grasp of the meaning of the "double entry" principle, and each transaction has been made the subject of two distinct entries in order to fully exhibit the "two-fold" effect in each case. The method employed is that which was used in former days, when business was conducted with less pressure and hurry than at the present time. The student, after having carefully worked through that section, may now learn how the method is modified to meet practical requirements, whilst the underlying principle still remains steadfast.

The changes which are now to be considered chiefly apply to the recording of the original entries. In the former section *on* *book* of original entry has been used, the Journal; but, as stated on page 25, the use of one book only for this purpose is, in the large majority of cases, not a convenient plan. Separate books are therefore called into use for recording separate classes of transactions, and the first book now to be considered is the book containing the original entries of the sale of goods, or the *Sales Day Book*. This book has many other names, such as Goodsold Book, Day Book, Sales Journal, &c., but we prefer to employ the name mentioned, as signifying the book in which entries of *sales* are to be made *daily*.

Goods are sold in two ways. Either to a customer who does not pay cash at the same time, such transactions are called "credit sales." Or in exchange for cash received at the same time, such transactions are called "cash sales."

In most businesses the "cash sales" are not entered in the Sales Day Book as they occur; they are more conveniently dealt with in a manner to be explained later. The primary object of the Sales Day Book is to record the "credit sales."

(It must be understood that, in speaking of the *sale* of goods, we are always referring to the actual delivery of goods to the customer. Occasionally the *sale* and the *delivery* do not take place on the same day; a customer may buy a quantity of goods



## JOSEPH MEREDITH, Cloth Merchant—

## SALES DAY BOOK

1

|   |  |                           | £  | s  | d | £  | s  | d  |
|---|--|---------------------------|----|----|---|----|----|----|
| 1 | <i>June 1st, 1901</i><br>Hy Ashbourne & Sons,<br>7, Arundel St, Bradford<br>24 yds Blue Serge, No 10,124<br>10 „ Lambs' Wool, No 9,243<br><br>Per Mid Rly, Carriage Paid       | 3/6<br>5/3                | 4  | 4  | 0 |    |    |    |
|   |  |                           | 2  | 12 | 6 | 6  | 16 | 6  |
| 2 | <i>June 5th</i><br>Mitchell & Co,<br>Mayfield Sq, Hull<br>20 yds Fancy, No 11,348<br>60 „ Cheviot, No 19,673<br>21 „ Melton, No 10,012<br>Canvas<br><br>Per N E R, 5% for cash | 4/2<br>3/10<br>4/         | 4  | 3  | 4 |    |    |    |
|   |  |                           | 11 | 10 | 0 |    |    |    |
|   |  |                           | 4  | 4  | 0 |    |    |    |
|   |  |                           |    | 1  | 6 | 19 | 18 | 10 |
| 3 | Thomas Chambers,<br>3, Cannon St, Leicester<br>10 yds Brown Lining<br>8 „ Blk Worsted, No 13,315<br>12 „ Grey Mixture, No 12,523<br>30 „ Royal Twced, No 10,782<br><br>Per M R | 1/8<br>6/4<br>3/10<br>3/6 |    | 16 | 8 |    |    |    |
|   |  |                           | 2  | 10 | 8 |    |    |    |
|   |  |                           | 2  | 6  | 0 |    |    |    |
|   |  |                           | 5  | 5  | 0 | 10 | 18 | 4  |
|   | Forward  |                           | 37 | 13 | 8 | 37 | 13 | 8  |



# SALES DAY BOOK

|                     |   | £   | s  | d  | £  | s  | d |
|---------------------|---|-----|----|----|----|----|---|
| <i>Forward</i>      |   | 37  | 13 | 8  | 37 | 13 |   |
| 4                   | Scott & Kingsley,<br>The Stores, Great Yarmouth |     |    |    |    |    |   |
|                     | 10 yds Black Vicuna, No 14,176                  | 3   | 6  | 0  | 0  |    |   |
|                     | 12 „ Worsted Coating,<br>No 12 457              | 4 8 | 2  | 16 | 0  |    |   |
|                     | 30 yds Print                                    | 1/8 | 2  | 10 | 0  |    |   |
|                     | Canvas  |     |    | 1  | 0  | 11 | 7 |
| Per G N R Passenger |   |     |    |    |    |    |   |
| <i>June 12th</i>    |   |     |    |    |    |    |   |
| 5                   | Daniel Dawson,<br>James Sq., Otley              |     |    |    |    |    |   |
|                     | 12 yds Box Cloth No 12 512                      | 6/  | 3  | 12 | 0  |    |   |
|                     | 20 „ Green Curl, No 13 431                      | 4/6 | 4  | 10 | 0  |    |   |
|                     | 18 „ Covert Coating,<br>No 11,958               | 7/  | 6  | 6  | 0  |    |   |
|                     | 24 yds Grey Flannel                             | 2/3 | 2  | 14 | 0  |    |   |
|                     | 60 „ Blue Pilot, No 10,871                      | 4/9 | 14 | 5  | 0  |    |   |
|                     | Canvas  |     |    | 2  | 0  | 31 | 9 |
| Per your Cart       |   |     |    |    |    |    |   |
| <i>June 20th</i>    |   |     |    |    |    |    |   |
| 6                   | Lucas Bros<br>159, Union Rd., Chesterfield      |     |    |    |    |    |   |
|                     | 6 yds Fancy Mixture No 10 034                   | 3/3 |    | 19 | 6  |    |   |
|                     | 4 „ Covert Coating,<br>No 11,958                | 7/  | 1  | 8  | 0  | 2  | 7 |
| Per Parcels Post    |   |     |    |    |    |    | 6 |
| <i>Cr Led fo 13</i> |   |     |    |    |    |    |   |
|                     |   | 82  | 17 | 2  | 82 | 17 | 2 |

The foregoing transactions of Joseph Meredith form part of series to be continued through the subsequent chapters

The above Sales Day Book will serve as an example of the book to be kept. The value of each

item is extended into the first cash column, and the total of each sale is carried into the second cash column, this should be done in all cases, even if the sale consists of one item only, as the both cash columns can be added up, and the agreement of the totals gives a useful check on the correctness of the additions for each separate sale.

The cash columns are added up and the figures carried forward page by page until the end of the month, when the totals are ruled off. It is important that this book should be written up *promptly*. Each sale should be entered either before or during the packing of the goods. Great care should be taken to see that all goods despatched are recorded in this book, and the proper price charged.

Only actual sales should be entered. Any goods sent out merely "on approval," which may or may not be retained by the customer, should be first recorded in a separate book (Approval Book) as a memorandum only, the goods which are eventually sold to the customer being then entered in the Sales Day Book.

The Sales Day Book, having been duly entered up, is *posted* in the following manner:

The amount of each sale is entered in the Ledger on the Dr side of the customer's account, and the Sales Day Book folio number written in the Ledger.

The Ledger folio number is written in the Sales Day Book in the space at the left-hand margin, in bold figures, thus showing at a glance whether any item has escaped being posted. At the end of the month the final total of sales is posted to the Cr side of an account in the Ledger called "Sales Account" (to be eventually carried to the Cr side of the Goods Account), the respective folios being inserted as before.

When this posting has been done the Ledger contains, as far as this matter of sales is concerned, an *equal* amount on each side, i.e., a number of items on the Dr side of customers' accounts which equal in amount the items on the Cr side of the Sales Account.

The principle of double entry is thus given effect to without labour attendant upon entering each separate transaction.

The method of posting from the Sales Day Book to the Ledger will be referred to again in the chapter on the Ledger.

Each day, when the Sales Day Book is written up, Invoice is prepared and sent out to each customer.

The Invoice is a copy, written on a printed form, of particulars and prices of the goods sold as appearing in the Sales Day Book. Sometimes this process is reversed—the Invoice is written out and then copied into the Sales Day Book. This is a practice to be avoided, as it carries the risk of the Invoice being *sent away before* the entry is made in the Day Book, and if the latter entry were by any chance omitted, there is increased danger of the value of the goods being lost.

As a general rule, it is advisable that the Sales Day Book should include only entries of sales of the goods in which the trader deals. The sale of any other article, such as an oil machine, or any other portion of the assets (apart from the goods), may more conveniently be dealt with by means of a Journal entry.

When the Sales Day Book is used, no entries of its transactions are made in the Journal.

The student is referred to Part II of this work for example the mode of adapting the Sales Day Book to meet special requirements, and for methods of dissection and analysis of its contents.

## EXERCISE 12

Make calculations and enter in a Sales Day Book the following sales  
 Perkins Bros, Stationers, London—June 1st, 1901 J Creatorex & Co, Smith Lane, London, E C—5,000 British envelopes (No 2) @  $2/7\frac{1}{2}$  per thousand, 3 doz Wolff's No 12 red pencils @  $1/11$  per doz 1 cwt brown paper @  $1/9$  per stone June 4th, W L Hardy & Co Albion Mill Bradford—12 copying letter books (quarto) @  $4/9$ , 6 doz 3d memo books @  $2/9$  per doz 2,000 cash envelopes @  $3/11$  per thousand 18  $\frac{1}{2}$  lb black twine @ 6d each, per G N R (carriage paid) June 6th, Russell and Sons, 107, Wellington Road, Sheffield—3,500 Manila envelopes @  $2/9$  per M 100 lbs writing ink @  $2/10\frac{1}{2}$  12 sticks Bank of England sealing wax @  $3\frac{1}{2}$ d 5,000 book post wrappers (plain) @  $9/6$  per M, 6 boxes rubber bands (assorted) @  $3/$ , 4 gross Gillott's 451 pens @  $1/2\frac{1}{2}$ d gross, per Mid Rly (carriage paid) June 10th, The Northern Drug Co, The Stores, Carlisle—300 balls thin twine @  $11\frac{1}{2}$ d,  $2\frac{1}{2}$  gross patent fasteners @  $5/8$  gross, 6,000 British No 5 envelopes @  $4/10$  per M, 6 doz H B pencils @  $1/1\frac{1}{2}$  doz gross cubic boxes at  $4/6$  doz, per L & N W Rly (carriage forward)

## EXERCISE 13

Make calculations and enter in a Sales Day Book the following sales  
 Richardson & Masters, Ironmongers—June 3rd 1901, J R Allison, 17 Queen's Road—1 fish kettle,  $3/6$ , 2 hot water cans @  $2/5$ , 3 enamel ricepans @  $1/9$  June 7th, Mrs Thurston, 28, Lansdown Terrace—2 plum skets @  $4/9$ , scales and weights,  $10/6$ , coal scoop,  $3/$  June 12th, Hyortimer, 1, Rothesay Place—Shovel, 9d copper pan,  $10/$  June 15th, Munson & Ward, 14, Manor Street—1 gas fire,  $32/6$ , brass fender and nous @  $12s$  6d June 19th, Mrs Thos Emsley, Clarence Villas—2 gas globes @  $6\frac{1}{2}$ d, spade,  $3/$ , garden rake  $1/9$ , fork,  $1/3$ , 1 set fire brasses,  $14/6$  June 22nd, Robert Rushton, 146, Park Road—Carpet sweeper,  $11/6$ , 1 brass fender, £2 17s 6d, coal box,  $15/6$  June 25th, Miss Morgan, The High School—1 wringer,  $30/$ , 1 brass gong,  $35/$  June 28th, W H Swift, Royal Parade—1 pair firebricks,  $2/$ , curtain chains,  $3/6$  J W Lawson, South Street—2 pails @  $1/6$ , watering can,  $3/$ , 2 doz picture hooks @  $1/6$  per doz, wire mat,  $5/$

## CHAPTER IX

### PURCHASES DAY BOOK

We have seen that the entries of sales are more convenient recorded in a separate book, viz, the Sales Day Book. Similarly a separate book of original entry is found to be useful for the recording of purchases of goods. In some cases this book may be combined with the Sales Day Book, forming one volume, but usually it is better to keep a distinct book for this purpose. The names given to this book in various offices are Purchases Book, Bought Day Book, Bought Book, Credit Journal, Invoice Book &c. We will employ the name *Purchases Day Book* as signifying the book in which entries of *purchases* are to be made *daily*.

For our present purpose, and for the sake of simplicity, we will assume that this book contains only entries of purchases (on credit) of goods in which the trader deals, or materials for manufacture. Other purchases may be conveniently recorded in the Journal.

The form and method of keeping the Purchases Day Book depend to a large extent upon the system of dealing with Invoices received. Whatever the nature of the business may be, it should be a fixed rule that an Invoice should be received with each lot of goods purchased, or the Invoice should arrive by the next post. The observance of this rule will facilitate the keeping of accounts, and to a great degree prevent confusion and error. The goods having been received, the Invoice should be, without delay, examined to ascertain if it is correct in respect of the quantity, quality, and price of the goods bought, all calculations or extensions and additions upon the Invoice must be checked and if any error is discovered the Invoice should be promptly returned to the seller for correction. Each person who examines the Invoice for any particular point, such as *quantity* or *calculations*, should add his initials thereto as evidence that it has received due inspection.

The Invoices having been carefully checked in this way, are ready for entering in the Purchases Day Book. There are

is the best way cannot be answered without regard to the nature and precise conditions under which the business is carried on. This portion of the practical work gives the book-keeper a good opportunity of displaying his skill in arranging his methods; that the object in view, viz., a clear and concise record of transactions, can be attained with the least labour.

We will now consider the usual methods employed. It is necessary for us to keep the *Invoice* and the *Book* in mind at the same time. We will assume that a month's purchases are to be recorded. The purchases may be dealt with in the following way.

*First Method* — Copy the Invoice in full into the Purchase Day Book (just as our *sales* have been entered), and place the Invoices on a file or in a parcel in order of date.

This is the simplest method, and has the advantage of giving all details in the Purchases Day Book, so that it is unnecessary to refer afterwards to the actual Invoice for particulars. Its disadvantage is the labour of copying.

*Second Method* — Number the Invoices consecutively, enter the date, name, and amount in the Purchases Day Book, with the Invoice number, but omitting details of quantities, &c. File away the Invoices in numerical order.

This method is shorter than No. 1, but entails the searching of the Invoice itself if any details are required afterwards. If the Invoices are neatly preserved, this reference by number is very quickly done.

*Third Method* — Use a Guard Book, or book containing large blank pages of strong paper. Fold up the Invoice (write outside the name of seller and the date), and paste it on the left-hand page and enter the amount on the margin of the page in a line with the Invoice.

This method has the advantage of showing the *actual* Invoice ways at the side of the *entry*. Its disadvantages are that Invoices cannot easily be detached if required, and the book is apt to become rather unwieldy.

One of these three methods, with certain suitable modifications and experience will suggest, should be adopted according to the

or classification of the various entries of purchases will be dealt with in Part II of this work. At this stage it will be well use the first method as being best adapted for conveying a full record of the transactions.

### Transactions of Joseph Meredith (continued)

#### PURCHASES DAY BOOK FIRST METHOD

|   |  | £    | s  | d  | £  | s  | d  | 1 |
|---|--|------|----|----|----|----|----|---|
| 7 | <i>June 4th, 1901</i><br>Ogilvie, Sons & Co.,<br>Victoria Mills, Glasgow<br>1 piece Scotch Tweed,<br>No 10,976, 78 yds<br>1 piece Scotch Tweed,<br>No 10,848, 72 yds | 3/6  | 13 | 13 | 0  |    |    |   |
|   |  | 3/4  | 12 | 0  | 0  | 25 | 13 | 0 |
| 8 | <i>June 8th</i><br>Warham Woollen Co. Ltd.,<br>Leeds<br>1 piece Worsted Coating,<br>No 12,457, 70 yds<br>1 piece Worsted Coating,<br>No 11,376, 74 yds               | 3/10 | 13 | 8  | 4  |    |    |   |
|   |  | 4/   | 14 | 16 | 0  | 28 | 4  | 4 |
| 9 | <i>June 20th</i><br>Hayworth, Bourne & Son,<br>Dewsbury<br>2 pieces Print (a 70 yds 140)   | 1/4  | 9  | 6  | 8  | 9  | 6  | 8 |
| 0 | <i>June 28th</i><br>Drewitt Bros.,<br>Carlisle<br>48 yds Serge, No 10,143  | 3/   | 7  | 4  | 0  | 7  | 4  | 0 |
|   | <i>Dr Led fo 15</i>  | 70   | 8  | 0  | 70 | 8  | 0  |   |

The space at the left hand side is used for the Ledger folio

According to the *Second Method* the transactions would be

# PURCHASES DAY BOOK

| Date   | No of Invoice | Name                   | Town      | Ledger Folio | Amount of Invoice |    |   |
|--------|---------------|------------------------|-----------|--------------|-------------------|----|---|
| 1901   |               |                        |           |              | £                 | s  | d |
| June 4 | 1             | Ogilvie, Sons & Co     | Glasgwick | 7            | 25                | 13 | 0 |
| 8      | 2             | Warham Woollen Co Ltd  | Leeds     | 8            | 28                | 4  |   |
| 20     | 3             | Hayworth, Bourne & Son | Dewsbury  | 9            | 9                 | 6  |   |
| 28     | 4             | Drewitt Bros           | Carlisle  | 10           | 7                 | 4  |   |
|        |               |                        |           |              | 70                | 8  |   |

According to the *Third Method* the transactions would be entered as follows

## GUARD BOOK PURCHASES

|  |  |  |  |  |           |
|--|--|--|--|--|-----------|
|  |  |  |  |  | 1         |
| <i>The Invoices are neatly folded and pasted here (they are not of uniform size)</i>   |  |  |  |  |           |
| <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-bottom: 10px;"> Ogilvie, Sons &amp; Co<br/> 4th June, 1901 </div>      |  |  |  |  | 7 25 13 0 |
| <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-bottom: 10px;"> Warham Woollen Co Ltd<br/> 8th June, 1901 </div>       |  |  |  |  | 8 28 4 4  |
| <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-bottom: 10px;"> Hayworth, Bourne &amp; Son<br/> 20th June, 1901 </div> |  |  |  |  | 9 9 6 8   |
| <div style="border: 1px solid black; padding: 5px; width: fit-content;"> Drewitt Bros<br/> 28th June, 1901 </div>                                    |  |  |  |  | 10 7 4 0  |
|  |  |  |  |  | 70 8 0    |

NOTE.—When this Book is used the Invoices should be pasted only on one side of each leaf otherwise the Book will be more difficult to handle



The Purchases Day Book having been entered up (according to the First Method), is posted in the following manner

The amount of each purchase is entered in the Ledger on the credit side of the seller's account, and the Purchase Book folio number, *or* the number of the Invoice is written in the Ledger (the latter plan is often useful, as it facilitates reference to the actual Invoice, if it is adopted, a column for the Invoice Number must be added to the first form of Purchases Day Book) The Ledger folio number is written in the Purchases Day Book, in the column provided It is, as a general rule, unnecessary to repeat in the Ledger the details of the transaction, the posting being done in a concise style

|          |          |   |    |    |   |
|----------|----------|---|----|----|---|
| 1901     |          |   | £  | s  | d |
| June 4th | By goods | 1 | 25 | 13 | 0 |

At the end of the month the final total of purchases is posted to the Dr side of an account in the Ledger called "Purchases Account" (to be eventually carried to the Dr side of the Goods Account), the respective folios being inserted as before

When all this posting has been completed, the Ledger will contain, as far as this matter of purchases is concerned, an equal amount on each side, viz, a number of items on the Cr side of various sellers' accounts which are equal in amount to the items on the Dr side of the Purchases Account

The Purchases Day Book is not so difficult to keep as the Sales Book, as the former is written up from the Invoices which have been *received*, whilst the latter is written up *before* the preparation of the Invoices which are to be sent out As mentioned above, care should be taken to see that Invoices accompany *all* goods received, that the Invoices are correct in all details, and that *only one* Invoice is received for the same parcel of goods It sometimes happens that an Invoice is sent back to the sender for correction, and a new or "corrected Invoice" is received in its place and occasionally, *both* the original and corrected Invoices have been entered in the Purchases Day Book in respect of the *same* goods

Cash purchases, or purchases of goods for which cash is paid at the same time, should not be entered in the Purchases Day Book

In most businesses these are of small amount, and in the chapter on the Cash Book an explanation of their treatment will be given.

No entries of the transactions appearing in the Purchases

## EXERCISE 14

Enter in a Purchases Day Book (according to the first method) the following purchases of Edward Munrostone, Ironfounder—April 3rd, 1901  
 Furison, Druce & Co 2 tons 10 cwt best coke @ 25/ ton, £3 2s 6d  
 April 6th, Smalley Bros 10 tons hard steam coal @ 14/ £7  
 April 12th, Carrum & Sons 25 tons No 3 Cleveland iron @ 46/ £57 10s  
 April 17th, Alfred Sharpley 10 tons 5 cwt Scotch iron ("Two Stars") @ 53/ 27 3s 3d  
 April 20th, Northern Sandstone Co 12 tons fine sand @ 5/ 6d  
 April 24 tons loun @ 9/ , £13 16s  
 April 23rd, Cuddesdon & Co 50 tons  
 Liddlesbrough G M B iron @ 43/ , £107 10s  
 April 26th, Joseph Plumme 2 tons English lead @ £12 6s 8d , £24 13s 4d

## EXERCISE 15

Write out on separate sheets of paper the Invoices representing the following purchases of Perkins Bros, Stationers, London and fasten them into a Purchases Day Book according to the third method described—  
 1st June, 1901, J Todd & Co Ltd, 11, Park Street, Birmingham 1 foolscap folio ledgers (6 quires, simple) @ 2/10, 10 foolscap folio cash book (do 1) @ 3/3, 5 gross small memo books 9/1½ gross  
 6th June, A W. Herbert, Queen Victoria Street, London, E.C. - 3 gross drawing pencil (do 3) @ 8/7½ gross 6 doz large red copying pencils, 2/9 per doz 4½ doz B pencils, 3/10½ gross, 9 doz special shorthand pencils @ 1/3 doz  
 13th June, W. H. & A. Townson, 15, St. Joseph's Place, Manchester 1 ream white blotting @ 12/8 per ream, 2½ reams royal court 8vo small (do 5/ , 1½ reams royal court note @ 5/6, 2,000 envelopes @ 9/3 per 100 500 cash envelopes @ 8/6 per 1,000, 20 doz large flax envelopes @ 2/6 doz, 100 document envelopes @ 2/6 doz  
 13th June, James Slicer & Sons, Hall Gate Works, Leeds—3 quires foolscap stencil paper @ 2/6 per quire, 3 quires do @ 2/3 per quire, 10 quires cyclostyle stencil paper 1/10 quire, 24 quires do (brief size) @ 4/3 quire

## CHAPTER X

### RETURNS BOOKS

Goods which have been delivered to, and charged against, customer are occasionally sent back or "returned" by him for various reasons, and such transactions are a frequent source of worry and annoyance in business.

The reason why the goods are returned may be either that their quality is not so good as the sample submitted when the order was given, or that the price charged is more than the buyer agreed to pay, or that the goods were not delivered within a specified time, and the delay prevented the buyer from dealing with them as he expected to do, or that the goods were never ordered.

Goods are sometimes returned for another reason—the seller may have become doubtful as to his chance of being paid for the goods at the due time, and he may therefore be willing to cancel the bargain and receive his goods back again rather than incur risk. But if a trader knows that he himself is *insolvent* it is illegal for him to return goods to any particular creditor, as such dealing gives that creditor an undue advantage over the other creditors.

When a dispute arises between the seller and buyer of goods from the foregoing or other reasons, it is often settled without an actual return of goods, but by means of an "allowance." This means that the seller agrees to make a reduction in his charge for the goods in question, and this reduction or allowance is accepted by the buyer.

The "returns" which are most frequently met with in practice are empty packages (cases, bags, boxes, bottles, casks, &c.) which have been charged for by the seller, but which he agrees to take back again when empty and to allow for, either at the full price charged or at some smaller stated amount.

In a trader's accounts the goods which are returned to him by his customers are called *Returns Inwards*, the goods which

## RETURNS INWARDS BOOK

*Returns Outwards* "Allowances," or reductions of price, are treated in the same way and entered in the same book as the actual returns.

The *Returns Inwards Book* contains the original entry of the trader's goods returned by his customers. Its *form* is exact similar to that of the *Sales Day Book*, although usually its size is much smaller. The entry in this book should contain details in the same manner as the *Sales Day Book* entry, viz., the date of the receipt of the goods, customer's name and address, description, weight number or quantity of goods, and the price of each article, with amount of value of the goods returned. There should be added a note of explanation of the reason why goods have been returned. Care should be taken that the goods have actually been received from the customer before the return is entered.

The following is the *Returns Inwards Book* of Joseph Meredith -

### RETURNS INWARDS BOOK

|   |   |     |   |    |   |   |    | 1 |
|---|---|-----|---|----|---|---|----|---|
|   |   | £   | s | d  | £ | s | d  |   |
| 2 | <i>June 10th, 1901</i><br>Mitchell & Co.,<br>Mayfield Square, Hull<br>2yds Fancy, No 11,348 (stained)   | 1/2 |   |    |   |   |    |   |
|   |   |     | 8 | 4  |   | 8 | 4  |   |
| 5 | <i>June 15th</i><br>Daniel Dewson,<br>James' Sq., Otley<br>12 yds Box Cloth, No 12,512,<br>(wrong shade)<br>Allowance on 60 yds Blue Pilot<br>as arranged | 6/  |   |    |   |   |    |   |
|   |   |     | 3 | 12 | 0 |   |    |   |
|   |   |     |   | 15 | 0 | 4 | 7  | 0 |
|   | <i>Dr Led fo 13</i>   |     | 4 | 15 | 4 | 4 | 15 | 4 |

Each day when the *Returns Inwards Book* has been written, Credit Notes are prepared and sent out to each customer who has returned goods.

The Credit Note is a copy of the entry in this book written

clearly distinguish between an Invoice and a Credit Note, latter is usually printed in red ink

The object of issuing this note is to tell the customer exactly what quantity of goods have been received from him, or what allowance has been made, and by what amount his account thereby credited in the seller's books

The Returns Inwards Book is "posted" in this way: the total amount of each entry is entered in the Ledger on the credit side of the customer's account "By Returns" or "By Allowance" and the Returns Book folio number is written in the Ledger. The Ledger folio number is written in the Returns Book in the space at the left-hand side, in bold figures. At the end of the month the total of Returns Inwards is posted to the Debit side of the Sales Account in the Ledger, the respective folios being inserted as before

In respect of these transactions the Ledger now contains an equal amount on each side, viz., several items on the Credit side of customer's accounts, and an equal amount on the Debit side of the Sales Account

The Returns Inwards Book being used, no entries of such transactions will be made in the Journal

*The Returns Outwards Book* contains the original entries of goods returned by the trader to the persons from whom they were bought, or of allowances which he is entitled to claim. This Book is usually in the same form as the Returns Inwards Book, and the entries should be made in a similar manner, adding a memorandum of the mode of delivery in the case of an actual return of goods. Although these transactions bear some resemblance to "sales," yet they should be carefully distinguished from the entries of sales, as they really represent a reduction in the purchases of goods, and not an addition to the sales

The Returns Outwards Book being written up each day, *debit Notes* are prepared and sent out to each person whose account is affected. The Debit Note is a memorandum containing a copy of the entry, and is sent out in order to inform the seller of the goods exactly what goods have been returned to him, and a

Invoice form may be used for this purpose, but the words "Debit Note" should be written at the top in order to draw attention to the precise nature of the transaction set forth

The Returns Outwards Book is "posted" as follows - The total amount of each entry is written in the Ledger, on the Dr side of the personal account "To Returns" or "To Allowance" and the Returns Book folio number is written in the Ledger. The Ledger folio number is written in the Returns Book in the space at the left hand side

At the end of the month the total of Returns Outwards is posted to the Cr side of "Purchases Account" in the Ledger, the respective folios being inserted as before

For "Returns Outwards" the Ledger now contains equal amounts on each side, viz, on the Dr side of personal accounts and on the Cr side of Purchases Account

No entries of these transactions are made in the Journal

The following is the Returns Outwards Book of Joseph Meredith

### RETURNS OUTWARDS BOOK

|                 |   |    |    |    |   | 1  |    |   |
|-----------------|---|----|----|----|---|----|----|---|
|                 |   |    | £  | s  | d | £  | s  | d |
| June 11th, 1901 |   |    |    |    |   |    |    |   |
| 8               | Warham Woollen Co Ltd ,<br>Leeds  |    |    |    |   |    |    |   |
|                 | Allowance on Worsted Coating<br>No 12 437 70 yds                        | /2 |    | 11 | 8 |    |    |   |
|                 | 1 piece returned Worsted<br>Coating, No 11 376 74 yds<br>(wrong design) | 4/ | 14 | 16 | 0 | 15 | 7  | 8 |
| June 29th       |   |    |    |    |   |    |    |   |
| 0               | Drewitt Bros ,<br>Carlisle  |    |    |    |   |    |    |   |
|                 | 8 yds Serge returned, faded<br>and cut                                  | 3/ | 1  | 4  | 0 | 1  | 4  | 0 |
|                 | Per Globe   |    |    |    |   |    |    |   |
| Cr Led fo 15    |   |    | 16 | 11 | 8 | 16 | 11 | 8 |

## EXERCISE 16

Make calculations and record the following returns and allowances (inwards and outwards) of Henry Willard, Cloth Merchant, in two Returns Books - April 3rd, 1901- Returned to Jameson & Small, 1 piece Melton 56 yds, @ 4/6 (wrong shade), and canvas, 7/6 April 6th-Returned to Williams & Rhodes, canvas, 3/6 April 10th-Returned to Blakey Bros 2 pieces blue serge, 74 yds each, @ 3/2 per yd April 13th- Allowed Northern Woollen Co Ltd for short measure in Cheviot, 30/- April 17-Allowed to Kempson & Kaye for stains in cloth, 10/- April 20th-Returned by Carter & Co, 24 yds flannel (not ordered) @ 1/2 April 22nd-Returned to Hudson & Leigh, 6 pieces (70 yds each) worsted @ 4/- per yd (badly dyed) April 24th-Allowed to Dawson & Dale for over measure, 15/- April 25th-Returned to Maynard & Sons, 36 yds coatmaking cloth @ 4/9, at their request April 29th Allowed to Simpson & Steel for damaged cloth, £2 10s

## EXERCISE 17

Make calculations and record the following returns and allowances (inwards and outwards) of the Retail Boot Co in two Returns Books - May 3rd, 1901- 3 empty crates @ 10/6 each returned to Bailey Bros May 7th-Allowed to Jas Harmon for bad sewing, 2/-. May 9th-1 pair shoes returned by Thos Jackson (wrong size), 15/6 May 13th-Returned empty case to Walker and Co, 5/6 May 15th-Returned 1 doz men's shoes @ 12/3 to Walker and Co May 18th-Allowed to Hy Kaye for difference on exchange, 2/- May 22nd-2 pair shooting boots returned by Col Newcome (misfits), 35/- and 38/- May 23rd-Returned 6 boxes to Cardley Bros @ 7/6 May 25th-Returned by Geo Holmes-1 pair shoes (sent him in error), 14/6 May 27th-Returned by Miss Lamond, 1 pair shoes (not ordered), 10/6 May 28th-Allowed Benjn Bradley for error 5/- charged, should be 22/8, 2/8 May 29th-Returned empty crate to Bailey Bros., 8/- May 30th-Returned by David Frankland, 1 pair boots, 16/-, on account of late delivery

## CHAPTER XI

### CASH BOOK

The Cash Book is the book in which the original entries the receipts and payments of cash are made, it being inconvenient in practice to record the transactions in the Journal. The Cash Book is more complex than the books already described, and should be closely studied, commencing with the simple form and proceeding to the more elaborate. First let us explain what is meant by the word "Cash" in this connection. Cash includes coin (gold, silver, copper), bank notes, cheques, post office orders, postal orders, and bank drafts. (Bills receivable are excluded from this category, and will be referred to in Part II.) The student should bear in mind that, whilst the Cash Book is generally used as a very convenient place for recording other transactions, its proper function is to exhibit a clear account of the receipts and payments of Cash.

#### LIST OF CASH TRANSACTIONS

| 1901 |    | £                            | s  | d    |
|------|----|------------------------------|----|------|
| Jan  | 1  | Received from Skelton & Son  | 24 | 10 0 |
|      | 5  | Paid to Hy Bottomley         | 15 | 9 6  |
|      | 10 | Received from Bradbury Bros  | 18 | 15 3 |
|      | 14 | Paid to Proctor & Co         | 24 | 9 0  |
|      | 18 | Paid to Walter King          | 2  | 10 0 |
|      | 23 | Received from W Wardle       | 13 | 19 2 |
|      | 25 | Received from Joseph Wood    | 8  | 14 8 |
|      | 28 | Paid to R Storey             | 1  | 12 6 |
|      | 29 | Paid to Geo Durham & Co      | 1  | 18 0 |
|      | 30 | Received from Benj Brown     | 4  | 19 8 |
|      | 30 | Received from Taylor & Smith | 11 | 10 0 |
|      | 31 | Paid to Alf Middleton        | 7  | 15 3 |

These transactions are shown in the following Cash Book which is arranged in the simplest form, the left-hand page being used for entries of "Cash Received" and the right-hand page for entries of "Cash Paid." This form is the same as that of the Cash Account described in Chapter I, with the additions of



# CASH BOOK

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|-------------|----|----------|--------|----------|
| 33 Jan 1901 | Dr | £ s d    | Note   | £ s d    |
|             | Cr | 07 4 5   | Gold   | 5 0 0    |
|             |    | 32 8 6   | Silver | 9 0 0    |
|             |    |          | Copper | 1 15 8   |
|             |    |          |        | 0 0 5    |
| Balance     |    | 14 15 11 |        | 14 15 11 |

On the 23rd January the actual money in the Cash Book is found to agree with the "Cash Book" balance the slip retained until the Cash is agreed next time, when it is destroyed and replaced by the new "slip"

The Cash Book entries are posted to the Ledger in this way the items on the Dr side of the Cash Book are entered on the Cr side of the proper account in the Ledger—"By Cash"—and the Cash Book folio number is written in the Ledger. The Ledger folio number is written in the Cash Book in the column provided. The items on the Cr side of the Cash Book are entered on the Dr side of the proper account in the Ledger "To Cash," and the respective folios are written as before.

Speaking of the two sides of the Cash Book as Dr and Cr sides indicates some resemblance to a Ledger Account. That is just what this book represents, viz., the "Cash Account" kept in a separate volume for greater convenience. Besides being a book of original entry, like the Sales Day Book and Purchase Day Book, it serves all the purposes of the Cash Account, and becomes, in fact, a portion of the Ledger. No other Cash Account is therefore necessary, and the effect of using this book in the manner indicated is to dispense with all Journal entries of Cash, and with the "Cash Account" in the Ledger itself. This being the case, the balance of the Cash Book, at the time of closing the books, must be treated as though it were a Ledger Account Balance, and must be set forth in the Trial Balance.

It will be obvious in regard to cash transactions, that the double-entry principle is followed throughout, each transaction involving a Dr entry in the Cash Book and a Cr entry in the Ledger, or *vice-versa*.

The student having become acquainted with the simple Cash Book, may now learn how its use is extended for the sake of convenience, and the first matter to be explained is "Discount" as this term is often used in reference to two very different things.





column on the right-hand side of the Cash Book contains the amounts of discounts allowed to the trader, the total is inserted at the end of the month. No "balance" of these two totals is shown, as in the case of cash, but each total is posted to the

### DISCOUNT ACCOUNT

| 1901   |             | C B | £ | s | d |        | C B         | £ | s  |
|--------|-------------|-----|---|---|---|--------|-------------|---|----|
| Jan 31 | To sundries | 1   | 2 | 0 | 7 | Jan 31 | By sundries | 1 | 13 |

The "double entry" is thus completed, the items making up the £2 0s 7d having been posted to the Cr side of "Sundry Personal Accounts," in the Ledger and to the Dr side of Discount Account—the 13/- having been posted to the Dr side of "Sundry Personal Accounts" and to the Cr side of Discount Account.

If the discount items amount to a substantial sum it is often of advantage to keep two separate Discount Accounts, one for "discounts allowed" and the other for "discounts received."

Occasionally an item of discount is to be recorded when a cash transaction occurs—a small difference may arise between the trader and his customer, which is finally settled by the amount in question being allowed as discount. In that case the item may be entered in the Cash Book in the discount column only.

The Cash Book includes entries of transactions between the trader and his banker.

In the next chapter we shall see how the Cash Book is still further modified in order to deal more conveniently and readily with bank transactions. At present we will record these in the simplest way—i.e., money paid into the bank is entered as a credit "By Bank", money drawn out of the bank entered as a debit "To Bank", and if a "cheque" is drawn and handed over to any person, the item is entered on both sides of the Cash Book, viz., as received *from* the bank, and paid *to* the person.

Goods sold or bought for cash, called "Cash Sales" and "Cash Purchases," are entered in the Cash Book, and posted therefrom to the Sales Account or Purchases Account in the Ledger. If these transactions are of daily occurrence and numerous, they may with advantage be entered separately in a small subsidiary Cash Book, and only the daily or weekly total entered in the

### CASH TRANSACTIONS OF JOSEPH MEREDITH.

| 1901   |   | £  | s  | d |                      |
|--------|---|----|----|---|----------------------|
| June 1 | Cash in hand brought into business by J M | 50 | 0  | 0 |                      |
| " 4    | Received from Henry Ashbourne and Sons    | 6  | 15 | 0 | allowed dis , 3/6    |
| " 8    | Paid into the Royal Bank                  | 45 | 0  | 0 |                      |
| " 8    | Sold cloth for cash                       | 2  | 0  | 0 |                      |
| " 8    | Paid wages                                | 1  | 15 | 0 |                      |
| " 10   | Paid Ogilvie, Sons & Co by cheque         | 24 | 8  | 0 | received dis , £1 5s |
| " 11   | Drew from bank                            | 10 | 0  | 0 |                      |
| " 11   | Paid to Joseph Meredith                   | 18 | 0  | 0 |                      |
| " 12   | Received from Thos Chambers               | 10 | 10 | 6 | allowed dis , 8/4    |
| " 13   | Paid into bank                            | 15 | 0  | 0 |                      |
| " 14   | Sold cloth for cash                       | 6  | 10 | 0 |                      |
| " 15   | Paid wages                                | 1  | 17 | 6 |                      |
| " 17   | Paid Warham Woollen Co Ltd by cheque      | 12 | 10 | 0 | received dis , 6/8   |
| " 18   | Received from Scott & Kingsley on account | 5  | 0  | 0 |                      |
| " 22   | Sold cloth for cash                       | 4  | 15 | 6 |                      |
| " 22   | Paid wages                                | 1  | 10 | 0 |                      |
| " 24   | Paid into bank                            | 10 | 0  | 0 |                      |
| " 26   | Paid for warehouse furniture by cheque    | 18 | 0  | 0 |                      |
| " 29   | Sold cloth for cash                       | 12 | 4  | 0 |                      |
| " 29   | Paid rent                                 | 6  | 10 | 0 |                      |
| " 29   | Paid wages                                | 1  | 12 | 6 |                      |

The following is the Cash Book of Joseph Meredith —

## CASH BOOK

| Dr                      |                | Cr                        |               |
|-------------------------|----------------|---------------------------|---------------|
| 1901                    |                | 1901                      |               |
| me 1 To Joseph Meredith |                | June 4 By Royal Bank      | 12            |
| (Capital A/c) 11        | 50 0 0         | 8 " Wages                 | 16            |
| 4 " H Ashbourne         |                | 10 " Ogilvie, Sons        | 7             |
| and Sons 1              | 3 6 6 13 0     | and Co 7                  | 1 5 0         |
| 8 " Cash Sales 14       | 2 0 0 0        | 10 " Joseph Meredith 11   |               |
| 10 " Royal Bank 12      | 24 8 0         | 12 " Royal Bank 12        |               |
| 11 " " 12               | 10 0 0         | 15 " Wages 19             |               |
| 12 " Thos Chambers 3    | 4 10 10 0      | 17 " Warham               |               |
| 14 " Cash Sales 14      | 6 10 0         | Woollen Co.,              |               |
| 17 " Royal Bank 12      | 12 10 0        | Ltd 8                     | 6 8           |
| 18 " Scott & Kingsley 4 | 0 0 0          | 22 " Wages 16             |               |
| 22 " Cash Sales 14      | 4 15 6         | 24 " Royal Bank 12        |               |
| 26 " Royal Bank 12      | 18 0 0         | 26 " Furniture 17         |               |
| 29 " Cash Sales 14      | 12 4 0         | 29 " Rent 18              |               |
|                         |                | 29 " Wages 16             |               |
|                         |                | 29 " Balance carried down |               |
|                         |                |                           |               |
|                         | 11 10 162 10 6 |                           | 1 11 8 162 10 |
|                         | Led 19         |                           | Led 19        |
| 29 Balance              |                |                           |               |

## EXERCISE 18

Write up in the Cash Book (according to the examples given page 73) the following transactions of RALPH THORNEYCROFT —

| 1901  |   | £  | s  | d |                  |
|-------|---|----|----|---|------------------|
| May 1 | Cash in hand at commencement            | 85 | 10 | 6 |                  |
| " 3   | Paid to London City & Midland Bank, Ltd | 70 | 0  | 0 |                  |
| " 7   | Received from Whitehead & Co            | 24 | 13 | 0 | allowed dis 12/4 |
| " 8   | Paid to James Peacock                   | 31 | 15 | 0 | received dis 25/ |
| " 11  | Sold goods for cash                     | 9  | 10 | 3 |                  |
| " 13  | Paid to bank                            | 15 | 0  | 0 |                  |
| " 15  | Received from Hy Monteith               | 3  | 12 | 0 |                  |
| " 17  | Paid to Davidson Bros by cheque         | 46 | 10 | 0 | received dis 30/ |
| " 18  | Paid Eade & Co Ltd                      | 2  | 7  | 6 | received dis 2/6 |
| " 20  | Received from Easthams & Sons           | 12 | 3  | 9 | allowed dis 6/3  |
| " 22  | Sold goods for cash                     | 1  | 11 | 8 |                  |
| " 25  | Paid trade expenses                     | 5  | 14 | 3 |                  |
| " 27  | Received from Rawlinson & Sykes         | 21 | 10 | 0 | allowed dis 10/6 |
| " 29  | Received from Laird & Co                | 3  | 15 | 0 | allowed dis -/9  |
| " 30  | Sold goods for cash                     | 1  | 15 | 4 |                  |
| " 31  | Paid to bank                            | 32 | 0  | 0 |                  |

# EXERCISE 19

Write up in the Cash Book, balanced monthly, the following transactions of THOMAS WAILES

|       |   | £  | s  | d  |                   |
|-------|---|----|----|----|-------------------|
| 1901  |   |    |    |    |                   |
| Jan 1 | Cash in hand at commencement                                | 19 | 15 | 6  |                   |
|       | Received from Wm Pratt & Sons<br>(on account)               | 15 | 0  | 0  |                   |
| , 2   | Paid to Union Bank, Ltd                                     | 15 | 0  | 0  |                   |
| , 7   | Received from Jonas Smith                                   | 5  | 2  | 1  | allowed dis 2/7½  |
| , 10  | Paid to Keen & Sons by cheque<br>on Union Bank, Ltd         | 13 | 8  | 7  | received dis 11/8 |
|       | Paid for Petty Cash   | 5  | 9  | 1  |                   |
| , 11  | Received from Union Bank, Ltd                               | 10 | 0  | 0  |                   |
| , 22  | Received for cash sales                                     | 2  | 3  | 11 |                   |
|       | Paid to Union Bank, Ltd                                     | 2  | 3  | 11 |                   |
|       | Paid to T Gill & Co Ltd                                     | 8  | 7  |    | received dis /3   |
| , 30  | Paid for wages  | 9  | 5  | 0  |                   |
| y 3   | Received from Allison Ltd                                   | 1  | 11 | 2  | allowed dis /9    |
| , 9   | Received from Hy White & Co                                 | 15 | 16 | 4  | allowed dis 7/3   |
|       | Paid to Frundle & Booth by<br>cheque on Union Bank, Ltd     | 5  | 2  | 1  |                   |
|       | Paid to Geo Brayslaw by cheque<br>on Union Bank, Ltd        | 18 | 3  | 1  | received dis 9/1  |
| 23    | Received for cash sales                                     | 4  | 1  | 8  |                   |
| 29    | Received from Wm Mawson                                     | 27 | 13 | 6  | allowed dis 13/9  |
|       | Paid Union Bank, Ltd  | 27 | 13 | 6  |                   |
| 31    | Paid for Petty Cash   | 4  | 3  | 7  |                   |
|       | Paid for wages  | 9  | 5  | 0  |                   |
|       | Paid J Gunston for quarter's rent                           | 10 | 10 | 0  |                   |
| e 4   | Received from Joseph Ely, Ltd                               | 4  | 9  | 2  |                   |
| 6     | Received from Hy Thompson<br>and Co                         | 17 | 3  | 0  | allowed dis 8/9   |
|       | Received from Jacques & Co Ltd                              | 5  | 8  | 0  | allowed dis 2/9   |
| 7     | Paid to Union Bank, Ltd                                     | 27 | 1  | 11 |                   |
|       | Paid annual subscription to St<br>James's Institute         | 10 | 6  |    |                   |
| 24    | Received for cash sales                                     | 3  | 8  | 11 |                   |
|       | Received from Brown & Co                                    | 1  | 2  | 3  |                   |
|       | Paid to Thomas Bros, by cheque<br>on Union Bank Ltd         | 14 | 16 | 5  | received dis 7/7  |
|       | Paid to Pratt & Trees by cheque<br>on Union Bank Ltd        | 2  | 1  | 7  | received dis 1/5  |
|       | Paid to Hillam, Mathews & Co<br>by cheque on Union Bank Ltd | 9  | 8  | 2  |                   |
| 30    | Paid for wages  | 9  | 5  | 0  |                   |
|       | Cash in hand at close                                       | 11 | 10 | 5  |                   |



## CHAPTER XII

THE CASH BOOK—continued

The Cash Book is frequently used not only to record the receipts, payments, and discount transactions, but also to exhibit in separate columns the account between the trader and his banker. Nowadays, almost every trader has a Banking Account largely in consequence of the growth of the number of banks with branches in outlying districts, the use of cheques as a means of payment has enormously increased, and the greater convenience and safety attendant upon the employment of Banks is more fully recognised.

When Bank transactions are only few in number, the Bank Account may be written up in the Ledger in the same manner as any other personal account, but if the bank transactions are numerous, the labour of posting to the Ledger is avoided by adding two money columns to the Cash Book and keeping the Bank Account in those columns. The form of the Cash Book arranged for this purpose is -

## CASH BOOK

[illegible]

In the money columns the headings are inserted *Dr* and *Cr* in order to show more clearly the use of the columns. Strictly speaking, the title of this book should be now not "Cash

The bank column on the left-hand side is to contain all amounts "paid into the bank," and for which the bank is *Debtor* (including interest allowed by the bank). The bank column on the right-hand side is to contain all amounts "paid by the bank" or "drawn out of the bank" (including interest, commission, &c. *charged* by the bank), and for which the bank is creditor.

If money is paid into the bank out of the cash in hand, it is entered on the *Dr* side (bank column) as *paid to bank*, and so on the *Cr* side (cash column), as *paid by the cash*.

If money is drawn from the bank for the use of *cash*, it is entered on the *Dr* side (cash column) as *paid to cash*, and so on the *Cr* side (bank column) as *paid by the bank*.

The following examples should be compared with the Cash Book shown below as illustrations of the mode of dealing with each kind of transaction.

|   | £   | s  | d |          | £ | s  | d |
|---|-----|----|---|----------|---|----|---|
| 1861  |     |    |   |          |   |    |   |
| Jan 1 Alfred Darwin commenced with cash in hand           | 200 | 0  | 0 |          |   |    |   |
| " 4 Paid into bank  | 150 | 0  | 0 |          |   |    |   |
| " 6 Received from Rawson & Glen (which is paid into bank) | 76  | 0  | 0 | discount | 4 | 0  | 0 |
| " 8 Paid J Metcalfe cheque                                | 58  | 10 | 0 | discount | 1 | 10 | 0 |
| " 10 Paid Palmer Bros cash                                | 14  | 17 | 6 |          |   |    |   |
| " 12 Received from Holt & Sons and paid into bank         | 35  | 0  | 0 | discount | 2 | 0  | 0 |
| " 14 Paid T Greenwood & Co cash                           | 20  | 0  | 0 | discount | 1 | 0  | 0 |
| " 15 Drew cash from bank                                  | 15  | 0  | 0 |          |   |    |   |
| " 18 Paid Brooksbank Bros cheque                          | 142 | 10 | 0 | discount | 7 | 10 | 0 |
| " 20 Paid for horse, cash                                 | 24  | 0  | 0 |          |   |    |   |
| " 24 Received from Wormald & Son cash                     | 2   | 10 | 0 | discount | 1 | 6  |   |
| " 29 Bank allow interest                                  |     | 2  | 6 |          |   |    |   |
| " 29 Bank charge commission                               |     | 5  | 0 |          |   |    |   |

(See Cash Book, p 78 )

[illegible]

# CASH AND BANK ACCOUNTS

1

Explanation of the above entries —

|        |            |   |
|--------|------------|---|
| June 1 | £200       | Cash in hand entered in "cash" column, the money being received by the business   |
| " 4    | £150       | Entered on <i>both</i> sides—the bank <i>receives</i> , the cash <i>pays</i> (bank Dr, cash Cr)                                 |
| " 6    | £76        | The bank <i>receives</i> this (bank Dr)   |
| " 8    | £58 10s    | The bank <i>pays</i> this (bank Cr)   |
| " 10   | £14 17s 6d | The cash <i>pays</i> this (cash Cr)   |
| " 12   | £35        | The bank <i>receives</i> this (bank Dr)   |
| " 14   | £20        | The cash <i>pays</i> this (cash Cr)   |
| " 15   | £15        | Entered on <i>both</i> sides—the cash <i>receives</i> , the bank <i>pays</i> (cash Dr, bank Cr)                                 |
| " 18   | £142 10s   | The bank <i>pays</i> this (bank Cr)   |
| " 20   | £24        | The cash <i>pays</i> this (cash Cr)   |
| " 24   | £2 10s     | The cash <i>receives</i> this (cash Dr)   |
| " 29   | 2/6        | interest allowed by the bank, and shown in the Bank Pass Book to the credit of Alfred Darwin (bank Dr)                          |
| " 29   | 5/-        | commission charged by the bank for working the account, and shown in the Bank Pass Book to the debit of Alfred Darwin (bank Cr) |

The entries on June 4th and June 15th are ticked (✓) in the *who* column, which indicates that they are each equalised by the entries on the opposite sides of the Cash Book. All the other entries are to be posted to the Ledger, the items in the bank columns being posted in exactly the same manner as if they had been in the cash column. For example, the entry on June 6th of 76, received from Rawson & Glen, is posted in the Ledger —

## RAWSON & GLEN

|        |            | £  | s | d |
|--------|------------|----|---|---|
| June 6 | By cash*   | 76 | 0 | 0 |
| " 6    | " discount | 4  | 0 | 0 |

When the Cash Book is kept in this form, with bank columns, there is generally no necessity to have any account in the Ledger



## EXERCISE 20

Write up in the Cash Book, with columns for discount, cash and bank the following transactions of **URIAH HEPP**, balance the cash and bank columns on May 31st

|   | £  | s  | d |          | £ | s  | d |
|---|----|----|---|----------|---|----|---|
| May 1 Cash in hand                                  | 27 | 15 | 9 |          |   |    |   |
| 2 Paid into the Canterbury Bank Ltd                 | 20 | 0  | 0 |          |   |    |   |
| 3 Sold goods for cash                               | 2  | 9  | 6 |          |   |    |   |
| 4 Paid advertisements                               | 4  | 9  |   |          |   |    |   |
| 6 Paid by cheque, W Micawber and Son                | 15 | 4  | 3 | discount | 5 |    |   |
| 7 Received from Steerforth Bros, and paid into bank | 18 | 10 | 0 | discount | 1 | 10 |   |
| 9 Received from Thos Thaddles, cash                 | 3  | 16 | 8 | discount | 3 | 4  |   |
| 11 Bought goods for cash                            | 8  | 10 | 0 |          |   |    |   |
| 14 Received from Barkis, Willing and Co             | 3  | 18 | 0 | discount | 2 | 0  |   |
| 18 Paid for Coals                                   | 1  | 10 | 6 |          |   |    |   |
| 20 „ to sell (U Heep)                               | 3  | 15 | 8 |          |   |    |   |
| 22 Received from Joseph Creadle                     | 5  | 17 | 0 | discount | 3 | 0  |   |
| „ Received for goods sold                           | 1  | 15 | 0 |          |   |    |   |
| „ Paid into bank the last two items                 |    |    |   |          |   |    |   |
| 23 Paid Hy Omer & Son, cash                         | 3  | 0  | 0 |          |   |    |   |
| 24 Cash drawn from bank                             | 5  | 0  | 0 |          |   |    |   |
| 27 Paid Spenlow & Jorkins by cheque                 | 18 | 15 | 0 | discount | 1 | 5  | 0 |
| 31 Paid sundry expenses                             | 2  | 16 | 9 |          |   |    |   |

# EXERCISE 21

Write up as in Exercise 20, the transactions of Alfred Maldon, balancing the cash and bank columns at the end of each month.

| 1901 |   | £   | s  | d  |          | £  | s  | d |
|------|---|-----|----|----|----------|----|----|---|
| m 1  | Cash in hand  | 15  | 18 | 3  |          |    |    |   |
| " 5  | Cash at bank  | 587 | 16 | 2  |          |    |    |   |
| " 5  | Goods sold for cash                                     | 2   | 18 | 4  |          |    |    |   |
| " 7  | Paid for goods by cheque                                | 38  | 10 | 0  |          |    |    |   |
| " 10 | Received from Fittimer Bros<br>and paid bank            | 114 | 16 | 2  | discount | 2  | 13 |   |
| " 14 | Paid cheque to Suml Phillip                             | 85  | 10 | 0  | discount | 4  | 10 |   |
| " 18 | Paid Trotwood & Co, cash                                | 4   | 18 | 9  | discount | 0  | 1  |   |
| " 24 | Bought goods for cash                                   | 5   | 3  | 8  |          |    |    |   |
| " 26 | Paid for fixtures by cheque                             | 55  | 10 | 0  |          |    |    |   |
| " 30 | Cash drawn from bank                                    | 30  | 0  | 0  |          |    |    |   |
| " 31 | Paid wages and expenses                                 | 27  | 10 | 0  |          |    |    |   |
| b 2  | Paid gas account  | 1   | 14 | 3  |          |    |    |   |
| " 5  | Paid R Waterbush & Co Ltd<br>cheque                     | 236 | 0  | 0  | discount | 11 | 15 |   |
| " 9  | Bought goods for cash                                   | 3   | 18 | 0  |          |    |    |   |
| " 12 | Received from Hy Spiker & Sons                          | 7   | 16 | 4  |          |    |    |   |
| " 16 | Paid Walker & Tipp                                      | 5   | 16 | 0  | discount | 0  | 6  |   |
| " 19 | Sold goods for cash                                     | 15  | 12 | 9  |          |    |    |   |
| " 23 | Received from Mell & Sharp and<br>paid bank             | 49  | 13 | 4  | discount | 2  | 6  |   |
| " 26 | Paid Arthur Brooks by cheque                            | 157 | 10 | 0  | discount | 7  | 15 |   |
| " 28 | Paid wages and expenses                                 | 19  | 15 | 0  |          |    |    |   |
| u 2  | Received from J W Quinon<br>and Co, cash                | 7   | 16 | 0  | discount | 0  | 4  |   |
| " 4  | Received from Walter Gayford<br>and Sons, and paid bank | 150 | 0  | 0  |          |    |    |   |
| " 7  | Paid Poor Rate  | 2   | 14 | 9  |          |    |    |   |
| " 9  | Alf Maldon withdraws by cheque<br>on bank               | 25  | 0  | 0  |          |    |    |   |
| " 12 | Cheque drawn for office cash                            | 15  | 0  | 0  |          |    |    |   |
| " 14 | Paid agent's commission                                 | 12  | 10 | 0  |          |    |    |   |
| " 18 | Bought goods for cash                                   | 4   | 17 | 6  |          |    |    |   |
| " 20 | Received from Morland Bros,<br>and paid bank            | 72  | 10 | 0  | discount | 3  | 0  | 0 |
| " 22 | Received from T C Crowther                              | 4   | 2  | 6  | discount | 0  | 2  | 0 |
| " 26 | Sold goods for cash                                     | 2   | 11 | 10 |          |    |    |   |
| " 27 | Paid, by cheque, Fire Insurance<br>Premium              | 7   | 10 | 0  |          |    |    |   |
| " 30 | Received from H W Newhouse                              | 6   | 3  | 6  | discount | 0  | 6  | 6 |

## PETTY CASH BOOK

In most businesses there are frequently small payments cash for incidental expenses, and in a large concern these are very numerous, and are often paid by different persons in different branches or departments of the business. It therefore becomes inconvenient, if not impossible, to record these petty transactions in the chief Cash Book as they occur, and so the Petty Cash Book is employed for the purpose. There are several systems in vogue, but only the best need be described here, viz the "Imprest System," which is the most convenient for businesses in which the amount spent in petty cash does not vary to any very considerable amount. Say the amount usually required in a month is £20, the cashier pays this sum to the individual who is to have charge of the petty cash, the £20 being entered in the Cash Book

| 1901  |               | £  | s | d |
|-------|---------------|----|---|---|
| Jan 1 | By petty cash | 20 | 0 | 0 |

and posted to an account in the Ledger as follows -

### THOMAS RITCHIE (petty cashier)

| 1901  |         | £  | s | d |
|-------|---------|----|---|---|
| Jan 1 | To cash | 20 | 0 | 0 |

Thomas Ritchie (the person in charge of the petty cash) records the daily expenditure of this money in a Petty Cash Book (p. 84), which is a *record of payments only*. Say that he spends in January £17 15s 9d. On 31st January his book is added up, and the cashier hands to him £17 15s 9d, which is entered in the Cash Book

| 1901   |                                 | £  | s  | d |
|--------|---------------------------------|----|----|---|
| Jan 31 | By payments per Petty Cash Book | 17 | 15 | 9 |

Thomas Ritchie has now £20 in his hands again, for which he remains debtor as per his Ledger Account, this account remaining



requirements of the business. The £17 15s 9d is posted from the Cash Book either to the "Trade Expenses Account" or, as desired, to the various sub-divisions of that account according to the way the money has been expended.

The following is a form of Petty Cash Book arranged to show the analysis of the payments into "postage," "carriage," "repairs," and "stationery." The number of analysis columns may be increased to any desirable extent. The same procedure may be observed with *each* person (if more than one) who may have a "petty cash" in his hands.

### PETTY CASH BOOK THOMAS RITCHIE

| Date  | Particulars                      | Amount Paid | Analysis |       |       |          |       |       |         |       |       |            |       |       |
|-------|----------------------------------|-------------|----------|-------|-------|----------|-------|-------|---------|-------|-------|------------|-------|-------|
|       |                                  |             | Postage  |       |       | Carriage |       |       | Repairs |       |       | Stationery |       |       |
|       |                                  | £ s d       | £ s d    | £ s d | £ s d | £ s d    | £ s d | £ s d | £ s d   | £ s d | £ s d | £ s d      | £ s d | £ s d |
| 1901  |                                  |             |          |       |       |          |       |       |         |       |       |            |       |       |
| Jan 1 | Stamps                           | 10 0        | 2 10 0   |       |       |          |       |       |         |       |       |            |       |       |
| 2     | Window Repairing                 | 2 0         |          |       |       |          |       |       | 2 0     |       |       |            |       |       |
| 5     | Parcel from Stubbs and Co        | 7 6         |          |       |       | 7 6      |       |       |         |       |       |            |       |       |
| "     | New Locks and fixing             | 6 4         |          |       |       |          |       |       | 6 4     |       |       |            |       |       |
| 7     | 3 Bottles Ink                    | 4 9         |          |       |       |          |       |       |         |       |       | 4 9        |       |       |
| 8     | Plumber Gas escape               | 3 6         |          |       |       |          |       |       | 3 6     |       |       |            |       |       |
| "     | Postal Wrappers                  | 2 10 0      | 2 10 0   |       |       |          |       |       |         |       |       |            |       |       |
| 9     | 2 Letter Baskets                 | 1 6         |          |       |       |          |       |       |         |       |       |            | 1 6   |       |
| 10    | Blotting Paper                   | 15 0        |          |       |       |          |       |       |         |       |       | 15 0       |       |       |
| 11    | Cash Book                        | 6 0         |          |       |       |          |       |       |         |       |       | 6 0        |       |       |
| 12    | Rubber dating Stamps             | 10 6        |          |       |       |          |       |       |         |       |       | 10 6       |       |       |
| 14    | Parcels Post                     | 1 9         |          |       |       | 4 9      |       |       |         |       |       |            |       |       |
| 15    | Repairing Bells                  | 7 6         |          |       |       |          |       |       | 7 6     |       |       |            |       |       |
| 16    | Stamps                           | 1 10 0      | 1 10 0   |       |       |          |       |       |         |       |       |            |       |       |
| 17    | Parcel to Hailey, Hull           | 4 3         |          |       |       | 4 3      |       |       |         |       |       |            |       |       |
| 18    | Screws and Nails                 | 2 0         |          |       |       |          |       |       | 2 0     |       |       |            |       |       |
| 19    | 2 Rulers                         | 1 8         |          |       |       |          |       |       |         |       |       | 1 8        |       |       |
| 21    | Parcel from Hall, Wakefield      | 1 6         |          |       |       | 1 6      |       |       |         |       |       |            |       |       |
| 22    | Whitehead, Joiner                | 1 15 8      |          |       |       |          |       |       | 1 15 8  |       |       |            |       |       |
| 23    | Stamps & Post Cards              | 2 0 0       | 2 0 0    |       |       |          |       |       |         |       |       |            |       |       |
| 24    | Parcel to Upper Norwood          | 6 0         |          |       |       | 6 0      |       |       |         |       |       |            |       |       |
| 25    | Foreign Envelopes                | 3 9         |          |       |       |          |       |       |         |       |       | 3 9        |       |       |
| 26    | Rawlins, Plumber                 | 13 0        |          |       |       |          |       |       | 13 0    |       |       |            |       |       |
| 28    | Parcel to Williams, Huddersfield | 2 0         |          |       |       | 2 0      |       |       |         |       |       |            |       |       |
| 29    | Directory, 1901                  | 12 6        |          |       |       |          |       |       |         |       |       | 12 6       |       |       |
| 30    | Postal Wrappers and Cards        | 1 0 0       | 1 0 0    |       |       |          |       |       |         |       |       |            |       |       |
| 31    | Parcels Post                     | 14 1        |          |       |       | 14 1     |       |       |         |       |       |            |       |       |
|       | Cash Book, for 1901              | 17 15 9     | 9 10 0   |       |       | 2 0 1    |       |       | 3 10 0  |       |       | 2 15 8     |       |       |

In this example it is assumed that Ledger Accounts are opened for postage, carriage, repairs, stationery, the above payments will be posted as follows -

Dr (Fo 24) POSTAGE ACCOUNT (Fo 24) Cr

|        |               |   |   |      |
|--------|---------------|---|---|------|
| 1901   |               | £ | s | d    |
| Jan 31 | To Petty Cash | 1 | 9 | 10 0 |

(Fo 28) CARRIAGE ACCOUNT (Fo 28)

|        |               |   |   |     |
|--------|---------------|---|---|-----|
| 1901   |               | £ | s | d   |
| Jan 31 | To Petty Cash | 1 | 2 | 0 1 |

(Fo 35) REPAIRS ACCOUNT (Fo 35)

|        |               |   |   |      |
|--------|---------------|---|---|------|
| 1901   |               | £ | s | d    |
| Jan 31 | To Petty Cash | 1 | 3 | 10 0 |

(Fo 40) STATIONERY ACCOUNT (Fo 40)

|        |               |   |   |      |
|--------|---------------|---|---|------|
| 1901   |               | £ | s | d    |
| Jan 31 | To Petty Cash | 1 | 2 | 15 8 |

The folio of the Petty Cash Book will then be inserted in the Cash Book opposite the £17 15s 9d on 31st Jan, the above debit entries in the Ledger equalising the one credit entry in the Cash Book

## EXERCISE 22

Write up in a Petty Cash Book the following payments with the analysis columns for "Postage and Stationery," "Carriage," and "Sundry Expenses," showing the totals

1901 Feb 1st G N R carriage, 4/9 2nd, envelopes, 3/6, 4th stamps, 13/ 5th, Painter's bill, 13/9 6th, parcel to Yarmouth, 2/ 7th, letter book, 4/6 8th pens, 1/9 9th, chimney sweep, 2/ 11th, trousers, 1/ 12th, telegram, 9d 13th, Globe Parcel Express, 2/9, 14th advertisement, 3/10, 15th, "Journal of Commerce," 5/ 16th, stamps, 10/ 18th, cash box, 7/6, 19th, parcel to Dover, 4/6, 20th invoice forms, 8/ 21st, foolscap, 3/ 22nd, post cards, 10/ 23rd Mid Rly, carriage, 13/ 24th, firewood, 5/ 26th, advertisement, 3/6, 27th, memorandum book 1/ 28th, parcel to Glasgow, 5/10

## EXERCISE 23

Write up in a Petty Cash Book the following payments, with the analysis columns for "Travelling Expenses," "Carriage," "Postage and Telegrams," "Goods," "Sundry Expenses," shewing totals

1901 -- March 1st, goods, 17/8, 2nd, cable to New York, 12/6, 4th stamps, £1. 5th, goods, 15/8, 6th, expenses to Liverpool, £3 10s, 7th, & N W Rly, carriage, 19/8 8th, advertisement, 5/ 9th, ledger 17/6 10th, expenses to Birmingham, £2 14s 6d, 12th, stamps, £2, 13th, Postage, 6d, 14th, goods, 14/11, 15th, subscription to Ambulance Fund, 10/6 16th, newspapers, 2/3, 18th, expenses to Leicester, £1 17s 3d, 19th goods, 12/8, 20th, horse shoeing, 4/3, 21st, fire extinguishers, 13/4 22nd, parcel to Southampton, 6/9, 23rd, advertisement, 4/8, 25th, goods, £3, 26th, stamps, £2, 27th, expenses to Nottingham, £2 5s, 28th post cards, 5/ 29th, parcels post, 3/5, telephone trunk calls, 5/3

## CHAPTER XIV

### THE LEDGER

We must turn our attention again to Joseph Meredith's transactions, which we have followed in previous chapters through the books of Original Entry, and observe how the entries are posted into their respective accounts in the Ledger, and how the accounts are "closed."

At this stage we are dealing with the Ledger as one book (Part II the manner of dividing the Ledger into several volumes will be described), and the following points should be noticed in connection with the use of this book

(1) Space should be economised. It is always an inconvenience when a new Ledger has to be opened and the accounts transferred to it from the old one. A good book-keeper will arrange the accounts and the methods of ruling off, &c., as to make the book last twice as long as it would if carelessly kept.

(2) As a general rule *details* of goods sold need not be shown in the Ledger in posting to the customer's account, but in certain cases it is necessary to state the details as given in the Sales Day Book. This is especially the case in a business where a customer, in the habit of ordering goods "as supplied on some previous occasion," he does not always state the exact date of the previous sale, and, therefore, it is probably necessary to refer to several sales to him in order to find exactly what he requires, and the price charged, &c.

(3) Any difference which may arise between the trader and his customer as to discount, returns, packages, overcharges &c., should be looked into and settled without delay. If the difference is allowed to remain undisposed of, the chances of obtaining payment become less and less.

(4) The amount of credit given to a customer (as to whose trustworthiness there may be any doubt) should be carefully watched, and the Ledger should be referred to, before executing a large order from him, to see if he is overstepping the amount considered safe. This is one reason why it is so important that

(5) When a page of the Ledger (say 28) is filled up, and the account is continued on another page later on (say 101), the new folio should be inserted in the index. The totals of the former page should be written in ink (not pencil) and carried forward to the new page.

(6) In posting to the credit side of the Ledger, it is often more convenient to place the book from which the posting is being done on the desk to the right-hand side of the Ledger, or *vice-versâ*. This applies more particularly to the posting from the Cash Book, and helps to prevent posting to the wrong side of the Ledger account.

(7) Scratching out, or altering one figure into another, should be always avoided. If a mistake is made, the neatest way is to draw a line through the wrong figure or figures and re-write the correct amount above.

(8) The folio of the book of original entry should always be inserted with each posting in the Ledger. The nature of the entry as "To goods" or "By cash" sufficiently indicates the book from which the entry comes, so no initials need be written in order to describe such books. When the posting is from the Journal, "J" may be added in the Ledger, as comparatively few entries are Journalised.

(9) The addresses should be shown in the case of personal accounts, and telegraphic addresses or telephone numbers are often usefully noted also. Any definite information affecting the solvency of any customer, such as the fact that he has suffered loss by being a large creditor of some bankrupt, should be carefully noted in red ink, also such items as the death or retirement of a partner in a firm, dissolution of partnership, &c., may be recorded. By attention to these and other similar matters, the Ledger, instead of being a bare record of account, may be made to afford a large amount of information, which can be turned to advantage when required, without loss of time in searching in other quarters.

(10) The Index should be carefully kept, and if the Ledger is a large one, containing many accounts, it is better to have the index *separate*, i.e., not bound up with the Ledger.

If the accounts are very numerous, the Vowel Index arrangement should be used, in order to facilitate the finding of a name.



|      |        |          |   |   |   |      |         |         |   |   |   |   |    |  |
|------|--------|----------|---|---|---|------|---------|---------|---|---|---|---|----|--|
| 4    | Dr     |          | SCOTT & KINGSLY The Stores Great Yarmouth |   |   |      |         |         |   |   |   |   | Cr |  |
| 1901 | June 5 | To Goods | £   | s | d | 1901 | June 18 | By Cash | 1 | £ | s | d |    |  |
|      |        |          | 11  | 7 | 0 |      |         |         |   |   |   |   |    |  |

|      |         |          |                                  |    |   |   |      |        |            |   |   |   |    |  |
|------|---------|----------|----------------------------------|----|---|---|------|--------|------------|---|---|---|----|--|
| 5    | Dr      |          | DANIEL DAWSON James Square Otley |    |   |   |      |        |            |   |   |   | Cr |  |
| 1901 | June 12 | To Goods | 1                                | £  | s | d | 1901 | June 1 | By Returns | 1 | £ | s | d  |  |
|      |         |          |                                  | 31 | 5 | 0 |      |        |            |   |   |   |    |  |

|      |         |          |                                       |   |   |   |  |  |  |  |  |  |    |  |
|------|---------|----------|---------------------------------------|---|---|---|--|--|--|--|--|--|----|--|
| 6    | Dr      |          | LUCAS BROS 10 Union Road Chesterfield |   |   |   |  |  |  |  |  |  | Cr |  |
| 1901 | June 30 | To Goods | 1                                     | £ | s | d |  |  |  |  |  |  |    |  |
|      |         |          |                                       | 2 | 7 | 6 |  |  |  |  |  |  |    |  |

|      |         |             |  |    |   |   |      |        |          |   |   |   |    |  |
|------|---------|-------------|--|----|---|---|------|--------|----------|---|---|---|----|--|
| 7    | Dr      |             | OGHAVIE SONS & CO Victoria Mills Gatelyhills |    |   |   |      |        |          |   |   |   | Cr |  |
| 1901 | June 10 | To Cash Dis | 1  | £  | s | d | 1901 | June 4 | By Goods | 1 | £ | s | d  |  |
|      |         |             |  | 24 | 5 | 0 |      |        |          |   |   |   |    |  |
|      |         |             |  | 1  | 5 | 0 |      |        |          |   |   |   |    |  |

|      |         |               |                             |    |    |   |      |      |          |   |   |   |    |  |
|------|---------|---------------|-----------------------------|----|----|---|------|------|----------|---|---|---|----|--|
| 8    | Dr      |               | WARHAM WOOLLEN CO Ltd Leeds |    |    |   |      |      |          |   |   |   | Cr |  |
| 1901 | June 11 | To Returns &c | 1                           | £  | s  | d | 1901 | June | By Goods | 1 | £ | s | d  |  |
|      | 17      | Cash Dis      |                             | 15 | 7  | 8 |      |      |          |   |   |   |    |  |
|      |         |               |                             | 12 | 10 | 0 |      |      |          |   |   |   |    |  |
|      |         |               |                             | 1  | 6  | 8 |      |      |          |   |   |   |    |  |

|   |    |  |                                 |  |  |  |      |         |          |   |   |   |    |  |
|---|----|--|---------------------------------|--|--|--|------|---------|----------|---|---|---|----|--|
| 9 | Dr |  | HAYWORTH BOURNE & SONS Dewsbury |  |  |  |      |         |          |   |   |   | Cr |  |
|   |    |  |                                 |  |  |  | 1901 | June 20 | By Goods | 1 | £ | s | d  |  |
|   |    |  |                                 |  |  |  |      |         |          |   |   |   |    |  |

|      |         |               |                        |   |   |   |      |         |          |   |   |   |    |  |
|------|---------|---------------|------------------------|---|---|---|------|---------|----------|---|---|---|----|--|
| 10   | Dr      |               | DREWITT BROS Cullislie |   |   |   |      |         |          |   |   |   | Cr |  |
| 1901 | June 30 | To Returns &c | 1                      | £ | s | d | 1901 | June 28 | By Goods | 1 | £ | s | d  |  |
|      |         |               |                        | 1 | 4 | 0 |      |         |          |   |   |   |    |  |

| 11   Dr JOSEPH MEREDITH- CAPITAL ACCOUNT Cr |         |   |    |   |   |        |                  |   |    |   |   |
|---|---------|---|----|---|---|--------|------------------|---|----|---|---|
| 1901  |         |   | £  | s | d | 1901   |                  |   | £  | s | d |
| June 10                                     | To Cash | 1 | 13 | 0 | 0 | June 1 | By Cash          | 1 | 50 | 0 |   |
|   |         |   |    |   |   | "      | " Goods in Stock | 1 | 80 | 0 |   |

|         |                         |   |    |   |   |         |                |   |    |    |    |   |
|---------|-------------------------|---|----|---|---|---------|----------------|---|----|----|----|---|
| 12      | THE ROYAL BANK, LIMITED |   |    |   |   |         |                |   |    |    | Cr | 1 |
| Dr      |                         |   |    |   |   |         |                |   |    |    |    |   |
| 1901    |                         |   | £  | s | d | 1901    |                |   | £  | s  | d  |   |
| June 4  | To Cash                 | 1 | 45 | 0 | 0 | June 10 | By Cash        | 1 | 24 | 8  |    |   |
| 17      |                         |   | 1  | 0 | 0 | 11      | "              |   | 10 | 0  |    |   |
| 24      | "                       |   | 10 | 0 | 0 | 17      | "              |   | 12 | 10 |    |   |
|         |                         |   |    |   |   | 26      | "              |   | 18 | 0  |    |   |
|         |                         |   |    |   |   | 29      | " Balance down |   | 5  | 2  |    |   |
|         |                         |   | 70 | 0 | 0 |         |                |   | 70 | 0  |    |   |
| June 29 | To Balance              |   | 5  | 2 | 0 |         |                |   |    |    |    |   |

| 13 SALES ACCOUNT |               |   |   |    |   |         |                        |    |     | Cr | 13 |
|------------------|---------------|---|---|----|---|---------|------------------------|----|-----|----|----|
| Dr               |               |   |   |    |   |         |                        |    |     |    |    |
| 1901             |               |   | £ | s  | d | 1901    |                        |    | £   | s  | d  |
| June 29          | To Returns In | 1 | 4 | 15 | 4 | June 29 | By Sundries, per S D B | 1  | 82  | 17 | 2  |
|                  |               |   |   |    |   | "       | " Cash Sales fo        | 14 | 25  | 9  | 6  |
|                  |               |   |   |    |   |         |                        |    | 108 | 6  | 8  |

| 14 CASH SALES |                          |    |   |   |   |        |         |   |    | Cr | 14 |
|---------------|--------------------------|----|---|---|---|--------|---------|---|----|----|----|
| Dr            |                          |    |   |   |   |        |         |   |    |    |    |
| 1901          |                          |    | £ | s | d | 1901   |         |   | £  | s  | d  |
| uncd 29       | To Transfer to Sales A/c | 13 | 2 | 9 | 6 | June 8 | By Cash | 1 | 2  | 0  | 0  |
|               |                          |    |   |   |   | 14     | "       | " | 6  | 10 | 0  |
|               |                          |    |   |   |   | 22     | "       | " | 4  | 15 | 6  |
|               |                          |    |   |   |   | 29     | "       | " | 12 | 4  | 0  |
|               |                          |    | 2 | 9 | 6 |        |         |   | 25 | 9  | 6  |

| 15 PURCHASES ACCOUNT |                         |   |    |   |   |         |                |   |    | Cr | 15 |
|----------------------|-------------------------|---|----|---|---|---------|----------------|---|----|----|----|
| Dr                   |                         |   |    |   |   |         |                |   |    |    |    |
| 1901                 |                         |   | £  | s | d | 1901    |                |   | £  | s  | d  |
| June 29              | To Sundries, per P.D.B. | 1 | 70 | 8 | 0 | June 29 | By Returns Out | 1 | 16 | 11 | 8  |
|                      |                         |   | 70 | 8 | 0 |         |                |   |    |    |    |



| 16   |    | WAGES ACCOUNT |   |   |    |   |  | Cr |
|------|----|---------------|---|---|----|---|--|----|
| Dr   |    |               |   |   |    |   |  |    |
| 1901 |    |               |   |   |    |   |  |    |
| June | 8  | To Cash       | 1 | 1 | 15 | 0 |  |    |
|      | 15 | " "           | " | 1 | 17 | 6 |  |    |
|      | 22 | " "           | " | 1 | 10 | 0 |  |    |
|      | 29 | " "           | " | 1 | 12 | 6 |  |    |

| 17      |         | WAREHOUSE FURNITURE ACCOUNT |    |   |   |  |  |  |  |  |  | Cr |  |
|---------|---------|-----------------------------|----|---|---|--|--|--|--|--|--|----|--|
| Dr      |         |                             |    |   |   |  |  |  |  |  |  |    |  |
| 1901    |         |                             |    |   |   |  |  |  |  |  |  |    |  |
| June 26 | To Cash | 1                           | 18 | 0 | 0 |  |  |  |  |  |  |    |  |

| 18     |               | RENT RATES, AND TAXES ACCOUNT |   |    |   |  | Cr |  |
|--------|---------------|-------------------------------|---|----|---|--|----|--|
| Dr     |               |                               |   |    |   |  |    |  |
| 1901   | To Cash, Rent | 1                             | £ | s  | d |  |    |  |
| une 09 |               |                               | 6 | 10 | 0 |  |    |  |

| 9    |    | DISCOUNT ACCOUNT |   |   |    |    |      |      |    |                  |   |   |   |    |
|------|----|------------------|---|---|----|----|------|------|----|------------------|---|---|---|----|
| Dr   |    |                  |   |   |    |    |      |      |    | Cr               |   |   |   |    |
| 1901 |    |                  |   |   |    |    |      |      |    |                  |   |   |   |    |
| une  | 29 | To Sundries, C B | 1 | £ | s  | d  | 1901 | June | 29 | By Sundries, C B | 1 | £ | s | d  |
|      |    |                  |   |   | 11 | 10 |      |      |    |                  |   | 1 |   | 11 |

| Dr   |          | GOODS ACCOUNT |    |   |   | Cr |  |
|------|----------|---------------|----|---|---|----|--|
| 1901 | To Stock | J             | £  | s | d |    |  |
| me   |          | 1             | 80 | 0 | 0 |    |  |

| *PROFIT AND LOSS ACCOUNT |  |  |  |  |  |    |  |  |  |  |  | 2 |
|--------------------------|--|--|--|--|--|----|--|--|--|--|--|---|
| Dr                       |  |  |  |  |  | Cr |  |  |  |  |  |   |
|                          |  |  |  |  |  |    |  |  |  |  |  |   |

## CHAPTER XV

### CLOSING THE BOOKS OF JOSEPH MEREDITH.

The Ledger having been posted up to 29th June, 1901, a list of the balances is prepared, as follows —

#### TRIAL BALANCE—29TH JUNE, 1901

|           | Folio |                                 | DR  |    |    | CR. |    |    |
|-----------|-------|---------------------------------|-----|----|----|-----|----|----|
|           |       |                                 | £   | s  | d  | £   | s  | d  |
| Ledg'r    | 2     | Mitchell & Co                   | 19  | 10 | 6  |     |    |    |
|           | 4     | Scott & Kingsley                | 6   | 7  | 0  |     |    |    |
|           | 5     | D Dawson                        | 27  | 2  | 0  |     |    |    |
|           | 6     | Lucas Bros                      | 2   | 7  | 6  |     |    |    |
|           | 9     | Hayworth, Bourne & Sons         |     |    |    | 9   | 6  | 8  |
|           | 10    | Drewitt Bros                    |     |    |    | 6   | 0  | 0  |
|           | 11    | Joseph Meredith Capital Account |     |    |    | 112 | 0  | 0  |
|           | 12    | Royal Bank Ltd                  | 5   | 2  | 0  |     |    |    |
|           | 13    | Sales                           |     |    |    | 103 | 11 | 4  |
|           | 15    | Purchases                       | 53  | 16 | 4  |     |    |    |
|           | 16    | Wages                           | 6   | 15 | 0  |     |    |    |
|           | 17    | Warehouse Furniture             | 18  | 0  | 0  |     |    |    |
|           | 18    | Rent, Rates, and Taxes          | 6   | 10 | 0  |     |    |    |
|           | 19    | Discount                        |     |    |    | 19  | 10 |    |
| Cash Book | 20    | Goods A/c Stock, June 1         | 80  | 0  | 0  |     |    |    |
|           | 1     | Cash                            | 6   | 7  | 6  |     |    |    |
|           |       |                                 | 231 | 17 | 10 | 231 | 17 | 10 |

This shows that equal amounts have been posted to each side of the Ledger, and subject to the possibility of errors as indicated on page 37, gives a concise summary of the Ledger, in readiness for the preparation of the Profit and Loss Account, and Balance Sheet.

The balances of Sales and Purchases Accounts are now to be transferred to the Goods Account, by Journal Entries (see p 95)

It is assumed that immediately after the close of business on June 29th, the stock has been taken and a list prepared in the

# LIST OF STOCK—29TH JUNE, 1901

| Numbers | Yards | Description     | Price | Value |    |
|---------|-------|-----------------|-------|-------|----|
| 12,457  | 58    | Worsted Coating | 3/10  | 11    | 2  |
| 11,376  | 74    | " "             | 4/    | 14    | 16 |
|         | 140   | Print           | 1/4   | 9     | 6  |
| 12,512  | 20    | Box Cloth       | 5/    | 5     | 0  |
| 11,958  | 36    | Covert Coating  | 6/    | 10    | 16 |
| 14,176  | 45    | Black Vicuna    | 2/6   | 5     | 12 |
| 10,124  | 60    | Blue Serge      | 3/    | 9     | 0  |
|         |       | Canvas          |       | 3     | 10 |
|         |       |                 |       | 69    | 3  |

The goods in stock are valued either at their cost price, or a lower price if the market value has fallen since they were purchased.

The value of the stock having been ascertained, its amount is entered on the Cr side of the Goods Account. The remaining entries are made as follows:—

Balance of the Goods Account to be carried to the Profit and Loss Account by means of a Journal entry.

Amount of stock to be re-entered on the Dr side of the Goods Account, after closing that account.

Wages, Rent, &c, and Discount Accounts to be closed by carrying their balances to the Profit and Loss Account by means of Journal entries.

Profit and Loss Account to be closed by carrying balance to the Capital Account by means of a Journal entry.

On the 1st June we assume that Joseph Meredith had on hand a stock of goods, value £80. The entry of this item is the only record which is made in the Journal up to the time of closing the books (in this example), the other transactions all having been recorded in their proper books of original entry. After Journal

## JOURNAL

| 1901 |    |                                      | Dr | £  | s   | d  | £  | s      |
|------|----|--------------------------------------|----|----|-----|----|----|--------|
| June | 1  | Goods Account                        | Dr | 20 | 80  | 0  |    |        |
|      |    | To Joseph Meredith — Capital Account |    | 11 |     |    | 80 | 0      |
|      |    | For stock of Goods on hand           |    |    |     |    |    |        |
|      | 29 | Sales Account                        | Dr | 13 | 103 | 11 | 4  |        |
|      |    | To Goods Account                     |    | 20 |     |    |    | 103 11 |
|      |    | For balance transferred              |    |    |     |    |    |        |
|      | "  | Goods Account                        | Dr | 20 | 53  | 16 | 4  |        |
|      |    | To Purchases Account                 |    | 15 |     |    |    | 53 16  |
|      |    | For balance transferred              |    |    |     |    |    |        |
|      | "  | Goods Account                        | Dr | 20 | 38  | 18 | 6  |        |
|      |    | To Profit and Loss Account           |    | 21 |     |    |    | 38 18  |
|      |    | For gross profit                     |    |    |     |    |    |        |
|      | "  | Profit and Loss Account              | Dr | 21 | 13  | 5  | 0  |        |
|      |    | To Wages Account                     |    | 16 |     |    |    | 6 15   |
|      |    | „ Rent, &c., Account                 |    | 15 |     |    |    | 6 10   |
|      | "  | Discount Account                     | Dr | 19 |     | 19 | 10 |        |
|      |    | To Profit and Loss Account           |    | 21 |     |    |    | 19     |
|      | "  | Profit and Loss Account              | Dr | 21 | 26  | 13 | 4  |        |
|      |    | To Capital Account                   |    | 11 |     |    |    | 26 13  |
|      |    |                                      |    |    | 317 | 4  | 4  | 317 4  |

After posting the foregoing Journal entries, the Ledger accounts affected by these postings will stand as follows, taken in Impersonal Accounts first:

| Dr      |                 |   |  | GOODS ACCOUNT |    |    |         | Cr       |   |     |    |    |
|---------|-----------------|---|--|---------------|----|----|---------|----------|---|-----|----|----|
| 1901    |                 |   |  | £             | s  | d  | 1901    |          |   | £   | s  | d  |
| June 1  | To Stock        | 1 |  | 90            | 0  | 0  | June 20 | By Sales | 1 | 103 | 11 |    |
| 29      | " Purchases     | " |  | 53            | 16 | 4  | "       | , Stock  | " | 69  | 9  |    |
| "       | " Profit & Loss | " |  |               |    |    |         |          |   |     |    |    |
| "       | Account         | " |  | 88            | 18 | 6  |         |          |   |     |    |    |
|         |                 |   |  | 172           | 14 | 10 |         |          |   | 172 | 14 | 10 |
| June 30 | To Stock        | 1 |  |               |    |    |         |          |   |     |    |    |

| 16   |        | WAGES ACCOUNT |   |   |   |    |      |         |                          |   |   | Cr |   |
|------|--------|---------------|---|---|---|----|------|---------|--------------------------|---|---|----|---|
| Dr   |        |               |   |   |   |    |      |         |                          |   |   |    |   |
| 1901 | June 8 | To Cash       | 1 | £ | s | d  | 1901 | June 29 | By Profit & Loss Account | J | £ | s  | d |
|      | 15     | " "           | " |   | 1 | 15 |      |         |                          | 1 | 6 | 15 |   |
|      | 22     | " "           | " |   | 1 | 17 |      |         |                          |   |   |    |   |
|      | 29     | " "           | " |   | 1 | 10 |      |         |                          |   |   |    |   |
|      |        |               |   |   | 1 | 12 |      |         |                          |   |   |    |   |

| 18   |         | RENT, RATES, AND TAXES ACCOUNT |   |   |    |   |      |         |                          |   |   | Cr |   |
|------|---------|--------------------------------|---|---|----|---|------|---------|--------------------------|---|---|----|---|
| Dr   |         |                                |   |   |    |   |      |         |                          |   |   |    |   |
| 1901 | June 29 | To Cash, Rent                  | 1 | £ | s  | d | 1901 | June 29 | By Profit & Loss Account | J | £ | s  | d |
|      |         |                                |   | 6 | 10 | 0 |      |         |                          | 1 | 6 | 10 |   |

| 19   |         | DISCOUNT ACCOUNT        |     |   |    |    |      |         |             |     |   | Cr |   |
|------|---------|-------------------------|-----|---|----|----|------|---------|-------------|-----|---|----|---|
| Dr   |         |                         |     |   |    |    |      |         |             |     |   |    |   |
| 1901 | June 29 | To Sundries             | C B | £ | s  | d  | 1901 | June 29 | By Sundries | C B | £ | s  | d |
|      |         | " Profit & Loss Account | J   |   | 11 | 10 |      |         |             | 1   | 1 | 11 |   |
|      |         |                         | 1   |   | 19 | 10 |      |         |             |     |   |    |   |

| 21   |         | PROFIT AND LOSS ACCOUNT |   |    |    |   |      |         |              |   |    | Cr |   |
|------|---------|-------------------------|---|----|----|---|------|---------|--------------|---|----|----|---|
| Dr   |         |                         |   |    |    |   |      |         |              |   |    |    |   |
| 1901 | June 29 | To Wages                | f | £  | s  | d | 1901 | June 29 | By Goods A/c | J | £  | s  | d |
|      |         | " Rent                  | 1 | 6  | 15 | 0 |      |         | Gross Profit | 1 | 38 | 18 |   |
|      |         |                         | " | 6  | 10 | 0 |      |         | " Discount   | " |    | 19 | 1 |
|      |         |                         |   | 13 | 5  | 0 |      |         |              |   |    |    |   |
|      |         | " Capital A/c           |   |    |    |   |      |         |              |   |    |    |   |
|      |         | Nett Profit             | " | 26 | 13 | 4 |      |         |              |   |    |    |   |
|      |         |                         |   | 39 | 18 | 4 |      |         |              |   | 39 | 18 |   |

| 11   |         | JOSEPH MEREDITH - CAPITAL ACCOUNT |   |     |    |   |      |        |                         |     |     | Cr |   |
|------|---------|-----------------------------------|---|-----|----|---|------|--------|-------------------------|-----|-----|----|---|
| Dr   |         |                                   |   |     |    |   |      |        |                         |     |     |    |   |
| 1901 | June 10 | To Cash                           | 1 | £   | s  | d | 1901 | June 1 | By Cash                 | C B | £   | s  | d |
|      | 29      | " Balance down                    |   | 18  | 0  | 0 |      |        |                         | 1   | 50  | 0  | 0 |
|      |         |                                   |   | 138 | 13 | 4 |      |        | " Goods                 | J   | 80  | 0  | 0 |
|      |         |                                   |   |     |    |   |      |        | " Profit & Loss Account | "   | 26  | 13 | 4 |
|      |         |                                   |   | 156 | 13 | 4 |      |        |                         |     | 156 | 13 | 4 |
|      |         |                                   |   |     |    |   |      |        | June 29 By Balance      |     | 188 | 13 | 4 |



The preparation of the Balance Sheet is the final step in Double Entry Book-keeping nothing further remains to be done in the Ledger, and the Accounts remain in their present state until entries of July transactions are posted

The Student who has perused these chapters and worked out the various exercises carefully, will, it is hoped, have obtained a good idea of the Theory and Practice of Book-keeping, and will have little difficulty in following the more complex matters which account in the subsequent stages. In applying to practice the knowledge he may have gained, he should keep in mind the three things to be remembered —

*Accuracy*

*Promptitude*

*Neatness*

the greatest of which is --

**ACCURACY.**

## EXERCISE 24

Write up in the Cash Book, Sales and Purchases Day Books, and Journal the following transactions of George Hilton. Post to Ledger, prepare Trial Balance, Profit and Loss Account, and Balance Sheet at the end of February, 1901.

| 1901  |                                  | £  | s  | d  |
|-------|----------------------------------|----|----|----|
| Jan 1 | Cash at commencement             | 8  | 7  | 6  |
| „ 10  | Bought goods of W. Musgrave & Co | 17 | 10 | 0  |
| „ 17  | Sold goods to J. Saunders        | 3  | 18 | 4  |
| „ 22  | Bought goods of W. Musgrave & Co | 2  | 6  | 8  |
| „ 30  | Paid trade expenses              |    | 15 | 6  |
| „ 30  | Paid wages                       | 3  | 10 | 0  |
| „ 30  | Sold goods to J. Saunders        | 9  | 11 | 0  |
| Feb 6 | Sold goods for cash              | 1  | 3  | 9  |
| „ 11  | Bought goods of L. C. Jarvis     | 6  | 8  | 2  |
| „ 12  | Paid rent                        | 2  | 15 | 0  |
| „ 16  | Sold goods to H. Naylor & Sons   | 4  | 19 | 6  |
| „ 18  | Sold goods to J. Saunders        | 1  | 6  | 5  |
| „ 20  | Received cash from J. Saunders   | 14 | 15 | 9  |
| „ 23  | Bought goods of L. C. Jarvis     | 4  | 17 | 8  |
| „ 23  | Paid cash to L. C. Jarvis        | 11 | 5  | 10 |
| „ 25  | Bought goods for cash            |    | 16 | 11 |
| „ 25  | Bought goods of W. Musgrave & Co | 1  | 19 | 8  |
| „ 26  | Sold goods to H. Naylor & Sons   | 26 | 6  | 2  |
| „ 28  | Paid wages                       | 3  | 10 | 0  |
| „ 28  | Paid trade expenses              |    | 18 | 0  |
| „ 28  | No stock on hand                 |    |    |    |



# EXERCISE 25

Write up in the Cash Book, Sales and Purchases Day Books, and Journal the following transactions of Wm Hy Meadows. Post to Ledger, prepare Trial Balance, Profit and Loss Account, and Balance Sheet 30th March, 1901

| 1901  |   | £  | s  | d |          | £ | s  | d |
|-------|---|----|----|---|----------|---|----|---|
| Jan 1 | Cash, £15 10s, and stock, £38 16s 8d, at commencement |    |    |   |          |   |    |   |
| " 5   | Sold goods to Jardine & Sons                          | 6  | 2  | 3 |          |   |    |   |
| " 7   | Bought goods for cash                                 | 1  | 11 | 6 |          |   |    |   |
| " 9   | Bought goods of T Milnes & Co                         | 9  | 4  | 2 |          |   |    |   |
| " 12  | Sold goods to F & S Read                              | 14 | 19 | 6 |          |   |    |   |
| " 28  | Sold goods to Jardine & Sons                          | 5  | 0  | 9 |          |   |    |   |
| " 28  | Paid trade expenses                                   | 1  | 10 | 0 |          |   |    |   |
| " 31  | Paid wages  | 5  | 15 | 0 |          |   |    |   |
| Feb 1 | Paid rent   | 3  | 6  | 8 |          |   |    |   |
| " 2   | Sold goods to F & S Read                              | 17 | 2  | 6 |          |   |    |   |
| " 2   | Bought goods of T Milnes & Co                         | 10 | 10 | 0 |          |   |    |   |
| " 6   | Received cash of F & S Read                           | 30 | 10 | 0 | discount | 1 | 12 | 0 |
| " 11  | Sold goods for cash                                   | 2  | 3  | 6 |          |   |    |   |
| " 13  | Bought goods of John Hill & Son                       | 11 | 9  | 2 |          |   |    |   |
| " 15  | Paid cash to T Milnes & Co                            | 19 | 4  | 6 | discount |   | 9  | 3 |
| " 16  | Bought goods of B Rhodes & Co                         | 7  | 2  | 2 |          |   |    |   |
| " 20  | Sold goods to Jardine & Sons                          | 9  | 1  | 8 |          |   |    |   |
| " 22  | Received (on account) from Jardine & Sons             | 10 | 0  | 0 |          |   |    |   |
| " 28  | Bought goods of John Hill & Son                       | 2  | 6  | 3 |          |   |    |   |
| " 28  | Paid wages  | 5  | 15 | 0 |          |   |    |   |
| Mar 8 | Sold goods to S & B Widdop                            | 4  | 8  | 9 |          |   |    |   |
| " 11  | Paid trade expenses                                   | 2  | 5  | 0 |          |   |    |   |
| " 15  | Received cash of S & B Widdop                         | 4  | 4  | 6 | discount |   | 4  | 3 |
| " 19  | Sold goods to Jardine & Sons                          | 1  | 18 | 6 |          |   |    |   |
| " 20  | Paid cash to John Hill & Son                          | 13 | 9  | 0 | discount |   | 0  | 5 |
| " 23  | Received cash of Jardine & Sons                       | 11 | 17 | 0 | discount |   | 0  | 2 |
| " 29  | Paid wages  | 5  | 15 | 0 |          |   |    |   |
| " 30  | Stock on hand   | 48 | 2  | 0 |          |   |    |   |

# EXERCISE 26

Write up in the Cash Book, Sales and Purchases Day Books, Return Books, and Journal the following transactions of Robert Caldecott. Post to Ledger, prepare Trial Balance, Profit and Loss Account, and Balance Sheet at 30th March, 1901.

| 1901  |   | £  | s  | d |          | £  | s | d |
|-------|---|----|----|---|----------|----|---|---|
| Jan 1 | Cash, £15 18s 6d, and stock, £42 8s 9d, at commencement |    |    |   |          |    |   |   |
| " 8   | Sold goods to S. Ridsdale & Co                          | 7  | 8  | 2 |          |    |   |   |
| " 18  | Sold goods for cash                                     | 1  | 10 | 3 |          |    |   |   |
| " 20  | S. Ridsdale & Co return goods                           | 16 | 6  |   |          |    |   |   |
| " 24  | Bought goods of Joshua Firth Ltd                        | 16 | 13 | 8 |          |    |   |   |
| " 26  | Sold goods to S. Ridsdale & Co                          | 23 | 8  | 7 |          |    |   |   |
| " 31  | Paid wages  | 5  | 2  | 6 |          |    |   |   |
| " 31  | Paid trade expenses                                     | 15 | 3  |   |          |    |   |   |
| Feb 1 | Sold goods to F. Durant & Co                            | 9  | 16 | 0 |          |    |   |   |
| " 2   | Received from S. Ridsdale & Co                          | 29 | 5  | 0 | discount | 15 |   |   |
| " 2   | Paid into County Bank, Ltd                              | 29 | 5  | 0 |          |    |   |   |
| " 6   | Bought goods of L. R. Simpson and Co                    | 10 | 8  | 2 |          |    |   |   |
| " 8   | Bought goods for cash                                   | 1  | 8  | 6 |          |    |   |   |
| " 11  | Paid (by cheque on bank) Joshua Firth, Ltd              | 16 | 5  | 6 | discount | 8  | 2 |   |
| " 11  | Returned goods to L. R. Simpson and Co                  | 1  | 2  | 8 |          |    |   |   |
| " 20  | Sold goods to Richards & Co                             | 18 | 8  | 9 |          |    |   |   |
| " 23  | Sold goods to F. Durant & Co                            | 4  | 7  | 6 |          |    |   |   |
| " 23  | Richards & Co return goods                              | 2  | 5  | 6 |          |    |   |   |
| " 28  | Paid wages, £5 2s 6d, trade expenses, 15s 3d            |    |    |   |          |    |   |   |
| Mar 2 | Received (and paid into bank) from F. Durant & Co       | 10 | 0  | 0 |          |    |   |   |
| " 9   | Bought goods of Joshua Firth, Ltd                       | 8  | 5  | 2 |          |    |   |   |
| " 12  | Paid cheque to L. R. Simpson and Co                     | 9  | 1  | 0 | discount | 4  | 6 |   |
| " 18  | Sold goods to S. Ridsdale & Co                          | 14 | 12 | 8 |          |    |   |   |
| " 23  | Returned goods to Joshua Firth, Ltd                     | 1  | 6  | 0 |          |    |   |   |
| " 30  | Paid wages, £3, trade expenses, 14s                     |    |    |   |          |    |   |   |
| " 30  | Stock on hand   | 34 | 10 | 0 |          |    |   |   |

# EXERCISE 27

Write up in the Cash Book (with Bank Account in separate columns and Purchases Day Books, Returns Books, and Journal the following transactions of James Thornbury. Post to Ledger, prepare Trial Balance, Profit and Loss Account, and Balance Sheet at 30th September, 1901

|   | £  | s  | d  |               |
|---|----|----|----|---------------|
| 1901  |    |    |    |               |
| by 1 Cash, £18 11s 6d, and stock, £51 1s 3d, at commencement            |    |    |    |               |
| , 6 Sold goods to Vinter, Son & Co                                      | 18 | 0  | 10 |               |
| , 9 Vinter Son & Co return damaged goods                                | 3  | 3  | 0  |               |
| , 13 Bought goods of Jacob Morand                                       | 7  | 18 | 8  |               |
| , 18 Sold goods to Earle's Central Stores, Ltd                          | 9  | 15 | 2  |               |
| , 26 Sold goods to Vinter, Son & Co                                     | 15 | 12 | 9  |               |
| , 27 Received cheque from Vinter Son & Co (paid cheque to Midland Bank) | 29 | 0  | 0  | discount 1 10 |
| 28 Bought goods for cheque on bank                                      | 2  | 2  | 9  |               |
| 31 Paid for wages, £2 15s 6d, trade expenses, £1 2s 4d                  |    |    |    |               |
| 5 6 Bought goods of Jacob Morand  | 10 | 10 | 5  |               |
| 8 Returned goods to Jacob Morand  | 3  | 6  | 6  |               |
| 12 Paid for rent by cheque  | 3  | 2  | 6  |               |
| 17 Sold goods to Earle's Central Stores, Ltd                            | 12 | 19 | 1  |               |
| 20 Earle's Central Stores, Ltd, return damaged goods                    | 1  | 5  | 6  |               |
| 26 Sold goods for cash  | 3  | 8  | 6  |               |
| 26 Bought goods of Jacob Morand   | 6  | 3  | 1  |               |
| 29 Paid cheque to Jacob Morand on account                               | 15 | 0  | 0  |               |
| 31 Paid wages, £3 2s 6d, trade expenses, 18s 3d                         |    |    |    |               |
| 2 Received cheque from Earle's Central Stores, Ltd (and paid into bank) | 20 | 18 | 0  | discount 10 9 |
| 6 Paid subscription to Victoria Memorial Fund by cheque                 | 1  | 1  | 0  |               |
| 10 Bought goods of Everton & Co   | 17 | 8  | 4  |               |
| 12 Sold goods to Wilmot & Sons  | 45 | 2  | 1  |               |
| 12 Returned goods to Everton & Co                                       | 1  | 5  | 2  |               |
| 13 Wilmot & Sons return goods   | 2  | 5  | 7  |               |
| 20 Sold goods for cash  | 4  | 5  | 9  |               |
| 21 Paid rent  | 3  | 2  | 6  |               |
| 25 Paid Jacob Morand  | 5  | 13 | 0  | discount 12 8 |
| 30 Paid wages, £2 17s 6d, trade expenses, £1 2s                         |    |    |    |               |
| 30 Paid into bank £5 out of office cash                                 |    |    |    |               |
| 31 Stock on hand  | 52 | 12 | 9  |               |

# ACCOUNTS

## SUPPLEMENTARY EXERCISES

### PART I

#### A.

Work out the calculations and write up in a Sales Day Book the following sales of Graylock Bros, Leather Factors —

Aug 5th, 1903, W Bradbury & Son, 5 tons American splits @ 9d per lb  
Aug 10th, British Boot Co, 5 cwts satin kip sides @ 1/4 per lb  
Aug 13th, 20 bales, each containing 4 cwts 2 qrs best pine creek sides @ -/10½ per lb  
Aug 17th, Parker, Lyon & Co Limited, 50 rolls, of sides each, glove hide, @ /4½ per foot  
Aug 19th, Taylor & Hill, 10 cwts satin kip shoulders @ 1/11 per lb  
Aug 20th, Paul Ryan, 10 bales, each containing 5 cwts 1 qr Australian sides @ /8 per lb  
Aug 24th, Seamless Shoe Co, 20 rolls, of 20 yds each, American satin @ -/5½ per lb  
Aug 28th, Harvey, Carter & Co, 5 cwts Levant hide @ 1/ per lb  
Aug 31st, Driver & Dixon, 1 ton Singapore sides @ /7½ per lb

#### B.

Work out the calculations and write up in a Sales Day Book the following sales of Perkin, Pratt & Co, Wholesale Chemists.—

Nov 2nd, 1903, Chas Pease, 7 galls fine olive oil @ 4/6, bottle 3/ per cwt  
Calais sand @ 1/9  
Nov 5th, Thos Mappin, 14 lbs pulv sod carb @ 47/6 per cwt, 10 galls dark carbolic acid @ 1/6, bottle 1/2  
112 lbs absorbent wool, No 2, tissue, @ 7½d per lb (part of contract)  
Nov 10th, Holden Bros, three 20 feet cylinders, oxygen apparatus 1/6  
Nov 13th, Franklin & Son, ½ oz chloroform 3½d per foot, less 25%  
Nov 13th, 7 lbs laudanum @ 3/ per lb, bottle 4d  
Nov 14th, Wm Sheldon, 5 gross 3 oz short vials @ 12/ per gross, 6 doz infants' food @ 9/3 per doz, less 10%, case 1/-  
Nov 24th, Alex Gios, 3 gross aseptic swabs @ 1/2 per doz  
Nov 29th, Thos. Mappin, 14 oz carbolic acid @ 11d per lb, bottle 4d, 5 sixpence soft soap

## C.

Write up a Cash Book from these particulars, showing balance in hand at the end of the month —

| 1903   |                                  | £   | s  | d  |
|--------|----------------------------------|-----|----|----|
| July 1 | Cash in hand                     | 112 | 14 | 6  |
| " 2    | Received cash from Hartly Bros   | 45  | 19 | 10 |
| " 3    | Cash sales for week              | 39  | 11 | 8  |
| " 4    | Paid Wood & Son                  | 98  | 12 | 3  |
| " 6    | Bought goods for cash            | 28  | 11 | 11 |
| " 6    | Received cash from Barker & Bell | 59  | 16 | 7  |
| " 9    | Paid Carter & Co Ltd             | 17  | 14 | 2  |
| " 9    | Wages paid                       | 14  | 6  | 9  |
| " 10   | Cash sales for week              | 45  | 14 | 1  |
| " 12   | Rent paid                        | 50  | 0  | 0  |
| " 14   | Received cash from Hartley Bros  | 98  | 10 | 6  |
| " 14   | Paid Rupert & Son Ltd            | 145 | 9  | 6  |
| " 16   | Wages paid                       | 15  | 11 | 0  |
| " 17   | Cash sales for week              | 89  | 11 | 6  |
| " 20   | Paid Carter & Co Ltd             | 19  | 17 | 2  |
| " 22   | Paid fire insurance              | 25  | 6  | 8  |
| " 23   | Paid wages                       | 16  | 8  | 0  |
| " 24   | Cash sales for week              | 96  | 0  | 1  |
| " 27   | Paid Wood & Son                  | 51  | 11 | 9  |
| " 30   | Received cash from Barker & Bell | 68  | 11 | 3  |
| " 31   | Paid Telephone Co                | 10  | 0  | 0  |
| " 31   | Paid joiner for repairs          | 19  | 8  | 6  |
| " 31   | Paid sundry trade expenses       | 18  | 3  | 9  |

## D.

Write up the following transactions in a Cash Book, showing discounts, and balancing the book at the end of each month —

| 903    |                               | £  | s  | d |          | £ | s  | d |
|--------|-------------------------------|----|----|---|----------|---|----|---|
| July 1 | Cash in hand                  | 35 | 14 | 6 |          |   |    |   |
| " 3    | Paid Tilbury & Co Ltd         | 21 | 9  | 6 | discount | 1 | 2  | 0 |
| " 5    | Cash sales                    | 14 | 19 | 9 |          |   |    |   |
| " 16   | Paid wages                    | 18 | 19 | 3 |          |   |    |   |
| " 20   | Received cash from J Fier     |    |    |   |          |   |    |   |
|        | and Co                        | 23 | 15 | 0 | discount | 1 | 5  | 0 |
| " 28   | Paid wages                    | 15 | 9  | 2 |          |   |    |   |
| " 31   | Paid trade expenses           | 5  | 3  | 1 |          |   |    |   |
| Aug 3  | Bought goods for cash         | 10 | 11 | 3 |          |   |    |   |
| " 5    | Cash sales                    | 19 | 14 | 2 |          |   |    |   |
| " 10   | Received cash from Hirst Bros | 66 | 14 | 9 | discount | 3 | 10 | 3 |
| " 15   | Paid rent                     | 18 | 6  | 8 |          |   |    |   |
| " 18   | Paid wages                    | 21 | 9  | 1 |          |   |    |   |
| " 19   | Received cash for horse sold  | 35 | 0  | 0 |          |   |    |   |

| 1903  |                                      | £  | s  | d |          | £ | s  | d |
|-------|--------------------------------------|----|----|---|----------|---|----|---|
| Dec 2 | Paid cash to Hinde & Co              | 38 | 6  | 8 | discount | 2 | 0  |   |
| , 5   | Cash sales                           | 45 | 11 | 8 |          |   |    |   |
| , 8   | Received cash from J Freer<br>and Co | 34 | 12 | 3 | discount | 0 | 17 |   |
| , 14  | Paid wages                           | 19 | 3  | 4 |          |   |    |   |
| , 19  | Took for private expenses            | 10 | 0  | 0 |          |   |    |   |
| , 27  | Paid Tilbury & Co Ltd                | 31 | 7  | 0 | discount | 1 | 13 |   |
| , 31  | Paid Trade expenses                  | 7  | 9  | 2 |          |   |    |   |

## E

Write up the Cash Book, with columns for Discount, Cash, and Bank. Show balance in hand and state of Bank Account at the end of the month —

| 1903  |   | £  | s  | d |          | s  | d |
|-------|---|----|----|---|----------|----|---|
| Aug 1 | Cash in hand                            | 5  | 10 | 3 |          |    |   |
| , 1   | Cash at bank                            | 25 | 6  | 8 |          |    |   |
| , 3   | Received cash from W Johanson           | 10 | 9  | 4 | discount | 11 | 0 |
| , 4   | Bought goods for cash                   | 8  | 7  | 6 |          |    |   |
| , 6   | Paid Dobson Bros by cheque              | 14 | 11 | 7 | discount | 15 | 5 |
| , 7   | Received postal order from<br>Evans Ltd | 15 | 0  |   |          |    |   |
| , 9   | Paid wages                              | 3  | 10 | 2 |          |    |   |
| , 11  | Received cheque from Wilson<br>and Ryan | 15 | 11 | 6 | discount | 16 | 6 |
| , 14  | Paid to bank                            | 16 | 6  | 6 |          |    |   |
| , 17  | Drew cash from bank                     | 10 | 0  | 0 |          |    |   |
| , 20  | Paid sundry expenses                    | 3  | 9  | 2 |          |    |   |
| , 23  | Paid wages                              | 3  | 18 | 0 |          |    |   |
| , 25  | Paid Hy Carr & Son by cheque            | 6  | 2  | 3 | discount | 11 | 9 |
| , 26  | Cash sales                              | 4  | 9  | 2 |          |    |   |
| , 29  | Withdrew cash for private use           | 5  | 0  | 0 |          |    |   |
| , 28  | Paid rent by cheque                     | 3  | 5  | 0 |          |    |   |

## F.

Write up Cash Book, with columns for Discount, Cash, and Bank. Show balance in hand and state of Bank Account at end each month

| 1903  |                                       | £  | s  | d |          | £ | s  | d |
|-------|---------------------------------------|----|----|---|----------|---|----|---|
| Oct 1 | Cash in hand                          | 9  | 7  | 4 |          |   |    |   |
| , 1   | Cash at bank                          | 23 | 14 | 6 |          |   |    |   |
| , 3   | Received cash from J King             | 15 | 11 | 8 | discount | 0 | 15 | 8 |
| , 6   | Sold goods for cash                   | 35 | 8  | 9 |          |   |    |   |
| , 9   | Paid cash to bank                     | 40 | 0  | 0 |          |   |    |   |
| , 12  | Paid cheque to Thos Hearne            | 29 | 14 | 6 | discount | 1 | 12 | 0 |
| , 18  | Sold goods for cash                   | 40 | 9  | 2 |          |   |    |   |
| , 24  | Paid cash to bank                     | 30 | 0  | 0 |          |   |    |   |
| , 26  | Paid rent by cheque                   | 20 | 0  | 0 |          |   |    |   |
| , 31  | Withdrew from bank for office<br>cash | 25 | 0  | 0 |          |   |    |   |

| 1903  |   | £   | s  | d  |          | £ | s  | d |
|-------|---|-----|----|----|----------|---|----|---|
| Nov 1 | Sold goods for cash                         | 49  | 18 | 3  |          |   |    |   |
| „ 4   | Received cheque from W<br>Barlow & Son      | 27  | 8  | 9  | discount | 1 |    |   |
| „ 6   | Paid to bank                                | 50  | 0  | 0  |          |   |    |   |
| „ 10  | Bought horse and cart for<br>cheque         | 45  | 10 | 0  |          |   |    |   |
| „ 15  | Received cash from J King                   | 32  | 11 | 11 | discount | 1 | 1  |   |
| „ 19  | Sold goods for cash                         | 52  | 9  | 1  |          |   |    |   |
| „ 22  | Paid to bank                                | 50  | 0  | 0  |          |   |    |   |
| „ 25  | Bought goods for cash                       | 23  | 12 | 2  |          |   |    |   |
| „ 30  | Paid cheque to Thos Hearne                  | 60  | 11 | 0  | discount | 8 | 6  |   |
| „ 30  | Paid wages                                  | 23  | 1  | 3  |          |   |    |   |
| Dec 6 | Sold goods for cash                         | 39  | 4  | 4  |          |   |    |   |
| „ 10  | Received cash from W<br>Barlow & Son        | 69  | 14 | 3  | discount | 3 | 12 |   |
| „ 13  | Paid cash to bank                           | 100 | 0  | 0  |          |   |    |   |
| „ 18  | Paid interest on mortgage<br>loan by cheque | 36  | 3  | 6  |          |   |    |   |
| „ 24  | Withdrew from bank for office<br>cash       | 35  | 0  | 0  |          |   |    |   |
| „ 26  | Paid sundry 'Xmas boxes                     | 5   | 0  | 0  |          |   |    |   |
| „ 31  | Paid wages                                  | 25  | 8  | 6  |          |   |    |   |

## G.

Enter up the Ledger Account of Alfred Marchant as  
ould appear in B & D Wilmot's books --

| 1903   |   | £  | s  | d  |
|--------|---|----|----|----|
| Aug 3  | B & D W sell to A M goods                 | 18 | 16 | 8  |
| „ 7    | Do do do                                  | 5  | 3  | 6  |
| „ 10   | A M returns goods                         | 2  | 0  | 6  |
| „ 12   | B & D W buy from A M goods                | 29 | 12 | 0  |
| „ 14   | Do pay cash to A M<br>and deduct discount | 28 | 17 | 2  |
| „ 17   | A M buys from B & D W goods               | 8  | 2  | 9  |
| „ 19   | A M pays cash to B & D W                  | 21 | 19 | 8  |
| „ 20   | B & D W sell to A M goods                 | 12 | 0  | 0  |
| „ 24   | A M sells to B & D W goods                | 3  | 12 | 10 |
| „ 26   | B & D W return to A M do                  | 1  | 0  | 0  |
| „ 28   | A M buys from B & D W do                  | 31 | 11 | 3  |
| „ 31   | B & D W receive cash from A M             | 49 | 1  | 2  |
| Sept 5 | B & D W sell to A M goods                 | 18 | 16 | 0  |
| „ 9    | A M buys from B & D W goods               | 7  | 14 | 2  |
| „ 10   | A M returns to B & D W do                 | 2  | 18 | 3  |
| „ 17   | A M pays to B & D W                       | 23 | 0  | 0  |
| „ 17   | A M deducts discount                      | 11 | 11 |    |
| „ 23   | A M sells to B & D W goods                | 12 | 12 | 0  |

## H

Barwell Bros have the following transactions with Joh Drury White up Drury's account in their Ledger, ruling off the items balance

| 1903  |                        | £  | s  | d |
|-------|------------------------|----|----|---|
| Dec 3 | B Bros buy goods       | 63 | 16 | 7 |
| „ 5   | J D sells goods        | 11 | 1  | 6 |
| „ 5   | B Bros return goods    | 2  | 11 | 0 |
| „ 8   | Do buy goods           | 21 | 4  | 9 |
| „ 10  | Do pay cash            | 50 | 0  | 0 |
| „ 12  | Do sell goods to J D   | 3  | 16 | 0 |
| „ 12  | J D pays cash          | 3  | 16 | 0 |
| „ 17  | Do sells goods         | 8  | 8  | 0 |
| „ 22  | Do buys from B B goods | 12 | 2  | 8 |
| „ 22  | Do returns goods       | 1  | 2  | 6 |
| „ 31  | B B pay to J D         | 40 | 19 | 8 |
| 1904  |                        |    |    |   |
| Jan 1 | B B buy goods          | 18 | 11 | 0 |
| „ 3   | J D sells goods        | 27 | 17 | 6 |
| „ 4   | Do receives cash       | 18 | 11 | 0 |
| „ 7   | B B return goods       | 2  | 0  | 0 |
| „ 20  | J D buys goods         | 5  | 6  | 5 |
| „ 27  | B B sell do            | 12 | 7  |   |
| „ 31  | Do pay cash            | 19 | 18 | 0 |

## I

Record in Cash Book and Ledger the transactions of Wm Winston Prepare Trial Balance, Profit and Loss Account, and Balance Sheet Use Journal for closing entries

| 1904  |   | £  | s  | d  |
|-------|---|----|----|----|
| Jan 1 | W Winston commenced business and paid £190 into the City Bank Ltd |    |    |    |
| „ 2   | Bought goods and paid by cheque                                   | 37 | 16 | 8  |
| „ 5   | Sold goods for cash   | 10 | 11 | 3  |
| „ 7   | Do do   | 7  | 15 | 10 |
| „ 7   | Paid to bank  | 15 | 0  | 0  |
| „ 11  | Paid sundry expenses  |    | 12 | 6  |
| „ 16  | Bought goods and paid by cheque                                   | 26 | 0  | 0  |
| „ 25  | Sold goods for cash   | 31 | 18 | 6  |
| „ 30  | Paid to bank  | 25 | 0  | 0  |
| „ 30  | Paid wages  | 2  | 10 | 0  |
| „ 30  | Paid rent   | 2  | 13 | 4  |
| Feb 3 | Sold goods for cash   | 12 | 3  | 9  |
| „ 4   | Bought goods for cash   | 10 | 0  | 0  |
| „ 9   | Bought goods, paid by cheque                                      | 42 | 11 | 8  |
| „ 11  | Sold goods and received cheque for cash                           |    |    |    |



| 1904   |  | £  | s  | d |
|--------|--|----|----|---|
| Feb 13 | Sold goods for cash                            | 9  | 3  | 1 |
| „ 17   | Do do  | 14 | 14 | 0 |
| „ 18   | Paid to bank                                   | 20 | 0  | 0 |
| „ 20   | Sold goods and received cheque (put into bank) | 33 | 13 | 1 |
| „ 27   | Paid wages                                     | 3  | 0  | 0 |
| „ 27   | Paid rent                                      | 2  | 13 | 4 |
|        | No stock on hand                               |    |    |   |

## J

Record in Cash Book, Sales Day Book, and Ledger, transactions of Thomas Atkinson Prepare Trial Balance, Profit and Loss Account, and Balance Sheet Use Journal for opening and closing entries

| 1903  |   | £   | s  | d | £        | s   |
|-------|---|-----|----|---|----------|-----|
| Dec 1 | Stock on hand                             | 156 | 9  | 8 |          |     |
| „ 1   | Cash in hand                              | 5   | 11 | 6 |          |     |
| „ 1   | Cash at bank                              | 69  | 7  | 8 |          |     |
| „ 1   | Due from Hy Sheard                        | 49  | 12 | 6 |          |     |
| „ 3   | Bought goods for cheque                   | 25  | 19 | 5 |          |     |
| „ 4   | Received cheque on account from Hy Sheard | 30  | 0  | 0 |          |     |
| „ 4   | Paid to bank                              | 30  | 0  | 0 |          |     |
| „ 5   | Sold goods to Thos Newman                 | 28  | 11 | 8 |          |     |
| „ 6   | Drew cash from bank                       | 10  | 0  | 0 |          |     |
| „ 7   | Paid wages                                | 8   | 15 | 9 |          |     |
| „ 10  | Sold goods for cash                       | 22  | 1  | 9 |          |     |
| „ 10  | Received cheque from Hy Sheard            | 15  | 7  | 9 | discount | 1 4 |
| „ 11  | Sold goods to Thos Newman                 | 25  | 13 | 7 |          |     |
| „ 12  | Bought goods for cash                     | 40  | 0  | 0 |          |     |
| „ 13  | Received cheque from Thos Newman          | 27  | 3  | 0 | discount | 1 8 |
| „ 14  | Paid to bank                              | 27  | 3  | 0 |          |     |
| „ 14  | Drew cash from bank                       | 20  | 0  | 0 |          |     |
| „ 14  | Paid wages                                | 8   | 5  | 0 |          |     |
| „ 17  | Sold goods to Hy Sheard                   | 39  | 1  | 4 |          |     |
| „ 18  | Paid rent by cheque                       | 20  | 0  | 0 |          |     |
| „ 19  | Paid trade expenses in cash               | 5   | 6  | 8 |          |     |
| „ 20  | Withdrew cash for private use             | 6   | 0  | 0 |          |     |
| „ 21  | Drew cash from bank                       | 15  | 0  | 0 |          |     |
| „ 21  | Paid wages                                | 9   | 1  | 0 |          |     |
| „ 23  | Sold goods to Thos Newman                 | 30  | 1  | 6 |          |     |
| „ 27  | Received cash from Thos Newman            | 24  | 8  | 0 | discount | 1 5 |
| „ 28  | Paid wages                                | 6   | 9  | 0 |          |     |
| „ 28  | Paid trade expenses in cash               | 8   | 12 | 3 |          |     |

## K.

From the following Trial Balance at 31st December, 1903 prepare Profit and Loss Account and Balance Sheet of Charles Donaldson —

| Charles Donaldson—Capital a/c as at 1st July, 1903 |  | £     | s        | d          | £         | s          | d         |
|--|--|-------|----------|------------|-----------|------------|-----------|
|  |  |       |          |            | 2,735     | 9          |           |
| Land and buildings a/c                             |  | 1     | 860      | 0          | 9         |            |           |
| Fixtures and furniture a/c                         |  |       | 473      | 2          | 0         |            |           |
| Horses and carts a/c                               |  |       | 79       | 10         | 3         |            |           |
| Goods a/c  |  |       |          |            |           | 1,819      | 13        |
| Salaries and wages a/c                             |  |       | 326      | 1          | 9         |            |           |
| Carriage a/c                                       |  |       | 105      | 3          | 3         |            |           |
| Trade expenses a/c                                 |  |       | 315      | 6          | 9         |            |           |
| Rates and taxes a/c                                |  |       |          | 78         | 15        | 3          |           |
| Printing, stationery, and advertising a/c          |  |       |          | 45         | 9         | 6          |           |
| Discount a/c                                       |  |       |          | 83         | 4         | 9          |           |
| Debtors, per ledger                                |  | 2,781 | 0        | 9          |           |            |           |
| Creditors per ledger                               |  |       |          |            |           | 1,692      | 11        |
| Cash in bank                                       |  |       | 85       | 6          | 6         |            |           |
| Cash in hand                                       |  |       | 14       | 13         | 6         |            |           |
|  |  |       | <u>6</u> | <u>247</u> | <u>15</u> | <u>0</u>   | <u>6</u>  |
|  |  |       |          |            |           | <u>247</u> | <u>15</u> |
| Value of stock on hand, 31st December, 1903        |  |       |          |            |           | £649       | 3         |

## L.

From the following Trial Balance, prepare Profit and Loss Account and Balance Sheet of Frederick Howarth —

### TRIAL BALANCE, 31st DECEMBER, 1903

|                            | £           | s         | d         | £           | s         | d         |
|----------------------------|-------------|-----------|-----------|-------------|-----------|-----------|
| Capital a/c                |             |           |           | 2460        | 10        | 0         |
| Furniture and fixtures a/c | 1240        | 10        | 0         |             |           |           |
| Horses and carts a/c       | 160         | 5         | 6         |             |           |           |
| Wages a/c                  | 320         | 18        | 4         |             |           |           |
| Rent a/c                   | 100         | 0         | 0         |             |           |           |
| Rates a/c                  | 33          | 6         | 8         |             |           |           |
| Trade expenses a/c         | 49          | 4         | 6         |             |           |           |
| Horse keep a/c             | 65          | 12        | 1         |             |           |           |
| Losses a/c                 |             |           |           | 4380        | 11        | 4         |
| Stock, Jan 1st, 1903       | 641         | 12        | 2         |             |           |           |
| Debtors per Ledger         | 1206        | 9         | 1         |             |           |           |
| Discount a/c               |             |           |           |             | 59        | 12        |
| Cash                       | 21          | 9         | 4         |             |           | 8         |
| Creditors, per Ledger      |             |           |           |             | 595       | 5         |
| Bank                       | 705         | 9         | 6         |             |           |           |
| Purchases a/c              | 2951        | 2         | 9         |             |           |           |
|                            | <u>7495</u> | <u>19</u> | <u>11</u> | <u>7495</u> | <u>19</u> | <u>11</u> |

## M.

Record the following transactions of Alfred Heinrich means of Journal, Cash Book, and Sold and Bought Day Book to Ledger, and make out Trial Balance, Profit and Loss Account, and Balance Sheet —

| 1903 |    | £   | s   | d     |
|------|----|---|-----|-------|
| Jan  | 1  | Cash in hand  | 17  | 15 3  |
| "    | 1  | Cash in bank  | 186 | 17 9  |
| "    | 1  | Goods in stock  | 349 | 13 11 |
| "    | 8  | Sold to Wells & Son—goods   | 19  | 16 3  |
| "    | 12 | Bought of Brown Bros—goods  | 24  | 19 1  |
| Feb  | 1  | Wells & Son pay £19 10s—discount, 6s 3d                             |     |       |
| "    | 3  | Paid to bank  | 10  | 0 0   |
| Mar  | 6  | Drew cheque for Brown Bros  | 12  | 0 0   |
| "    | 13 | Sold to Chas Carr—goods   | 34  | 15 1  |
| "    | 31 | Received cash for goods   | 2   | 10 0  |
| Apr  | 4  | Bought goods of D Dixon   | 86  | 2 9   |
| "    | 18 | Alfred Heinrich withdraws cash                                      | 20  | 0 0   |
| "    | 28 | Received from Carr and paid to bank £33—allowed discount, £1 15s 1d |     |       |
| May  | 9  | Wells & Son buy goods   | 96  | 14 3  |
| "    | 25 | Wells & Son pay cash  | 40  | 0 0   |
| June | 6  | Paid Brown cash, £12 10s—discount, 9s 1d                            |     |       |
| "    | 14 | Paid Dixon cash, £10, and cheque on bank, £30                       |     |       |
| "    | 23 | Drew cheque for rent, £25   |     |       |
| "    | 23 | Cash paid, sundry expenses, £14 17s 3d                              |     |       |
| "    | 30 | Stock, £400   |     |       |

## N.

Record in Journal, Cash Book, Sales and Purchases Books, and Ledger the transactions of Joseph Dixon Prepaial Balance, Profit and Loss Account, and Balance Sheet

|     |    |   |  |  |
|-----|----|---|--|--|
| Jan | 1  | Joseph Dixon receives a legacy of £1,000 and commences business by paying that sum into Lloyds Bank, Ltd His transactions are — |  |  |
| "   | 2  | Drew cheque, £50, for warehouse furniture   |  |  |
| "   | 2  | Do £50, for office cash   |  |  |
| "   | 3  | Paid wages, £8 16s  |  |  |
| "   | 5  | Bought goods from Bousfield, Clark & Co, £200   |  |  |
| "   | 7  | Sold goods to Connor Bros, £8 16s 9d  |  |  |
| "   | 10 | Cash sales, £46 18s 7d, paid wages, £10 14s   |  |  |
| "   | 14 | Bought goods from Bousfield, Clark & Co, £26 17s 2d   |  |  |
| "   | 16 | Do Earle & Co, £26 15s 9d   |  |  |
| "   | 17 | Paid bank, £70  |  |  |
| "   | 17 | Cash sales, £54 12s 8d, paid wages, £10 12s 6d  |  |  |
| "   | 20 | Bought goods from Bousfield, Clark & Co, £185 13s 4d  |  |  |
| "   | 24 | Cash sales, £53 8s 11d, paid wages, £10 11s 8d  |  |  |
| "   | 31 | Do £61 19s 7d do £10 15s  |  |  |

|       |   |  |
|-------|---|--|
| Feb 3 | Sold goods to Connor Bros ,               | £3 15s 2d                                    |
| „ 3   | Bought goods from Bousfield, Clark & Co , | £153 10s                                     |
| „ 7   | Cash sales, £56 14s 8d ,                  | paid wages, £11                              |
| „ 14  | Do £59 12s 8d ,                           | do £11 10s                                   |
| „ 16  | Bought goods from Bousfield, Clark & Co , | £95 18s 10d                                  |
| „ 17  | Received from Connor Bros ,               | Cash, £8 8s , allowed discount<br>8s 9d      |
| „ 20  | Bought goods from Earle & Co ,            | £89 16s                                      |
| „ 21  | Paid rates, £18 10s ,                     | by cheque                                    |
| „ 21  | Cash sales, £64 13s 5d ,                  | paid wages, £11 5s                           |
| „ 28  | Do £66 9s 7d ,                            | do £11                                       |
| „ 28  | Paid bank, £150                           |  |
| Mar 4 | Sold goods to Connor Bros ,               | £5 17s 9d                                    |
| „ 7   | Do Earle & Co ,                           | £1   |
| „ 7   | Cash sales, £68 7s 9d ,                   | paid wages, £10 15s                          |
| „ 14  | Do £59 9s 5d ,                            | do £11                                       |
| „ 21  | Do £58 5s 9d ,                            | do £10 17s 6d                                |
| „ 21  | Paid Bousfield, Clark & Co ,              | cash, £195 (discount £5)                     |
| „ 26  | Drew cheque for Earle & Co ,              | £25, discount, 15s 9d                        |
| „ 28  | Received from Connor Bros ,               | cash, £3 13s 6d , discount<br>allowed, 1s 8d |
| „ 28  | Cash sales, £60 12s 3d ,                  | paid wages, £10 10s                          |
| „ 28  | Drew cheque for quarter's rent,           | £30  |
| „ 30  | Bought warehouse and paid cheque          | £900 for same<br>Stock, March 30, £300       |

# O

Record in Journal, Cash Book, Sales and Purchases Books, and Ledger the transactions of Oliver Sherwood Preparing a Trial Balance, Profit and Loss Account, and Balance Sheet

| 03 |  | £  | s  | d  |          | £ | s | d |
|----|--|----|----|----|----------|---|---|---|
| 1  | Cash in hand                             | 11 | 9  | 6  |          |   |   |   |
| 1  | Stock of goods on hand                   | 53 | 8  | 4  |          |   |   |   |
| 5  | Sold goods to York & Son                 | 7  | 12 | 9  |          |   |   |   |
| 6  | Bought goods from Milner Bros            | 14 | 8  | 6  |          |   |   |   |
| 7  | Sold goods to Thos Hart                  | 19 | 10 | 11 |          |   |   |   |
| 11 | Sold goods to York & Son                 | 10 | 6  | 9  |          |   |   |   |
| 14 | Received cash on account from York & Son | 12 | 0  | 0  |          |   |   |   |
| 15 | Sold goods to Thos Hart                  | 8  | 14 | 4  |          |   |   |   |
| 18 | Bought goods from Winston and Co.        | 5  | 9  | 10 |          |   |   |   |
| 20 | Received cash from T Hart                | 26 | 17 | 0  | discount | 1 | 8 | 0 |
| 23 | Paid Milner Bros cash                    | 14 | 1  | 0  | discount | 0 | 7 | 6 |
| 25 | Paid expenses                            | 4  | 4  | 2  |          |   |   |   |
| 27 | Sold goods to York & Son                 | 11 | 9  | 9  |          |   |   |   |
| 28 | Paid wages                               | 5  | 8  | 6  |          |   |   |   |

| 1903  |                                  | £  | s  | d  |          | £ | s  |
|-------|----------------------------------|----|----|----|----------|---|----|
| Jan 5 | Received cash from York and Son  | 16 | 14 | 6  | discount | 0 | 14 |
| " 7   | Sold goods to T Hart             | 15 | 11 | 3  |          |   |    |
| " 15  | Bought goods from Winston and Co | 6  | 8  | 2  |          |   |    |
| " 18  | Sold goods for cash              | 5  | 9  | 10 |          |   |    |
| " 21  | Bought goods from Milner Bros    | 13 | 1  | 10 |          |   |    |
| " 24  | Paid cash to Winston & Co        | 11 | 0  | 0  | discount | 0 | 18 |
| " 31  | Paid expenses                    | 3  | 9  | 6  |          |   |    |
| " 31  | Paid Wages                       | 5  | 14 | 0  |          |   |    |
| " 31  | Withdrew cash for private use    | 5  | 0  | 0  |          |   |    |
| " 31  | Paid rent                        | 4  | 0  | 0  |          |   |    |
| " 31  | Stock in hand                    | 69 | 7  | 6  |          |   |    |

### P.

Record in Journal, Cash Book, Sales and Purchases Book, Returns Book, and Ledger the transactions of Jamieson

Prepare Trial Balance, Profit and Loss Account, and Balance Sheet

| 1903  |                                       | £   | s  | d  |          | £ | s  |
|-------|---------------------------------------|-----|----|----|----------|---|----|
| Jan 2 | Cash at County Bank, Ltd              | 157 | 18 | 6  |          |   |    |
| " 2   | Cash in hand                          | 12  | 3  | 6  |          |   |    |
| " 2   | Stock in hand                         | 63  | 7  | 0  |          |   |    |
| " 3   | Sold goods to Jno Kerr                | 42  | 10 | 10 |          |   |    |
| " 4   | Jno Kerr returned goods               | 2   | 0  | 0  |          |   |    |
| " 4   | Bought goods of Dale & Young          | 11  | 0  | 6  |          |   |    |
| " 8   | Do for cash                           | 5   | 3  | 0  |          |   |    |
| " 10  | Received cash from Jno Kerr           | 38  | 10 | 0  | discount | 2 | 0  |
| " 11  | Paid to bank                          | 40  | 0  | 0  |          |   |    |
| " 15  | Paid trade expenses                   | 13  | 6  |    |          |   |    |
| " 16  | Bought goods of T Willis              | 27  | 17 | 7  |          |   |    |
| " 16  | Sold goods to Wm Alford               | 31  | 9  | 0  |          |   |    |
| " 17  | Do for cash                           | 6   | 0  | 0  |          |   |    |
| " 18  | Paid cheque to Dale & Young           | 11  | 0  | 0  | discount | 0 | 0  |
| " 22  | Sold goods to Price & Co              | 27  | 7  | 0  |          |   |    |
| " 23  | Received cheque on a/c from Wm Alford | 20  | 0  | 0  |          |   |    |
| " 25  | Bought goods of Dale & Young          | 50  | 16 | 9  |          |   |    |
| " 26  | Returned to Dale & Young, goods       | 10  | 6  | 0  |          |   |    |
| " 26  | Paid rates                            | 3   | 3  | 0  |          |   |    |
| " 28  | Bought goods for cash                 | 1   | 10 | 0  |          |   |    |
| " 28  | Sold goods to G R Dyer                | 26  | 1  | 6  |          |   |    |
| " 28  | Received cash from W Alford           | 10  | 13 | 3  | discount | 0 | 15 |
| " 29  | Dyer, returned goods                  | 2   | 3  | 0  |          |   |    |
| " 29  | Paid cheque to T Willis               | 27  | 4  | 0  | discount | 0 | 13 |

|         |                               |    |    |   |
|---------|-------------------------------|----|----|---|
| 1903    |                               | £  | s  | d |
| Sept 29 | Received cash from Price & Co |    |    |   |
|         | on a/c                        | 25 | 0  | 0 |
| „ 30    | Sold goods to C & A Chapin    | 16 | 16 | 0 |
| „ 30    | Paid wages                    | 7  | 3  | 6 |
| „ 30    | Do trade expenses             | 1  | 10 | 0 |
| „ 30    | Do to bank                    | 15 | 0  | 0 |
| „ 30    | Withdrew                      | 15 | 0  | 0 |
| „ 30    | Stock on hand                 | 68 | 0  | 0 |

## Q

### WILLIAM LAND'S BALANCE SHEET, 1ST JANUARY, 1903

| <i>Liabilities</i> |        |    |   | <i>Assets</i>      |        |    |   |
|--------------------|--------|----|---|--------------------|--------|----|---|
|                    | £      | s  | d |                    | £      | s  | d |
| Hey & Co           | 30     | 10 | 6 | Hy Day             | 79     | 11 |   |
| Rose & Son         | 52     | 17 | 3 | Strong & Co        | 44     | 13 |   |
| County Bank        | 38     | 7  | 3 | Horses and carts   | 78     | 15 |   |
| Capital, W Land    | 1,334  | 7  | 6 | Office furniture   | 37     | 16 |   |
|                    |        |    |   | Stock              | 1,395  | 6  |   |
|                    |        |    |   | Petty cash in hand | 20     | 0  |   |
|                    | £1,656 | 2  | 6 |                    | £1,656 | 2  | 6 |

In accordance with the above Balance Sheet open a set of books, and write them up from the following information —

Copy Invoice Book shows that the following goods have been sent away —

|                  | £  | s  | d |                  | £  | s  | d |
|------------------|----|----|---|------------------|----|----|---|
| Jan 5 Hy Day     | 36 | 9  | 4 | Jan 20 Hy Day    | 56 | 19 | 9 |
| „ 8 Hy Day       | 21 | 7  | 8 | „ 24 Strong & Co | 32 | 9  | 4 |
| „ 15 Strong & Co | 45 | 17 | 3 | „ 29 Strong & Co | 42 | 8  | 6 |

The invoices received during the month are —

|                 | £   | s  | d |                   | £  | s  | d |
|-----------------|-----|----|---|-------------------|----|----|---|
| Jan 12 Hey & Co | 256 | 12 | 8 | Jan 20 Rose & Son | 12 | 19 | 9 |
| „ 17 Rose & Son | 39  | 4  | 2 | „ 29 Hey & Co     | 19 | 8  | 1 |

A credit note was received from Hey & Co on Jan 15th for £4 3s 5d for goods sent back

The counterfoil Receipt Book gives the following particulars —

- No 39 Jan 12 Hy Day, cash, £75 12s, discount, £3 19s 9d
- No 40 Jan 17 Strong & Co, cash, £42 8s 8d, discount, £2 4s 8d
- No 41 Jan 22 Thomas Ison, for horse, £20

The cash takings were as follows —

|                                 | £   | s  | d |
|---------------------------------|-----|----|---|
| 3 days ending Saturday, 3rd Jan | 56  | 19 | 5 |
| Week ending 10th Jan            | 141 | 4  | 7 |
| Week ending 17th Jan            | 124 | 3  | 2 |
| Week ending 24th Jan            | 119 | 3  | 9 |
| Week ending 31st Jan            | 159 | 11 | 4 |

All cash received was paid into bank weekly on Monday

The counterfoil Cheque Book shows that the following cheques have been drawn —

|       |   |    |   |   |
|-------|---|----|---|---|
| Jan 2 | Jas Harcourt, for quarter's rent,<br>due 1st inst             | £  | s | d |
|       |   | 25 | 0 | 0 |
| „ 10  | Hey & Co., in settlement of a/c to<br>Dec 31st, 1902          | 29 | 0 | 0 |
| „ 15  | Rose & Son, in settlement of a/c to<br>Dec 31st, 1902         | 50 | 4 | 6 |
| „ 16  | Jos Sands, horse corn   | 3  | 4 | 0 |
| „ 17  | Wm Haigh, repairs   | 5  | 6 | 3 |
| „ 20  | N E Railway Co., carriage                                     | 20 | 6 | 4 |
| „ 21  | Jas Blake, roll top desk for office                           | 13 | 6 | 8 |
| „ 31  | Wm Land, drawing  | 25 | 0 | 0 |
| „ 31  | Selves, salaries, and wages                                   | 32 | 3 | 6 |
| „ 31  | Selves, for Petty Cash Payments<br>during the month, as below |    |   |   |

|                 |   |    |     |
|-----------------|---|----|-----|
| Summary —       | £ | s  | d   |
| Goods           | 5 | 9  | 8   |
| Repairs         | 2 | 9  | 2   |
| Carriage        | 3 | 14 | 2   |
| Sundry expenses | 6 | 11 | 10  |
| Horse keep      | 1 | 3  | 2   |
|                 |   |    |     |
|                 |   | 19 | 8 0 |

The value of the stock on 31st January was £1,178 15s

Close the books at 31st January, and prepare Profit and Loss Account and Balance Sheet

## R.

Make Journal entries of the following transactions of Colston Bros, Drysalers —

Received horse and van in exchange for goods, value £35

Sold goods to Marshall Bros, £50

Bought goods of Jesh Hirst & Sons, £80

Handed to Hirst cheque received from Marshall Bros, £47 10s, and allowed the latter discount, £2 10s

Sold to Hirst old machinery, £32 10s

## S.

During the week ending Saturday, April 25th, 1903, a newsagent buys *British Mercuries* (selling price  $\frac{1}{2}$ d) at the rate of  $4\frac{1}{2}$ d per dozen of 13, as follows—April 20th, 3 doz; 21st, 4 doz; 22nd, 4 doz; 23rd, 4 doz; 24th, 4 doz; 25th, 5 doz. The papers are disposed of as follows—20 customers each pay him  $4\frac{1}{2}$ d per week for one copy delivered daily. Newsboys buy 8 doz at  $4\frac{1}{2}$ d per doz of 12, 70 single copies are sold at  $\frac{1}{2}$ d, and 13 copies are not sold to the public at cost price. Make a ten page total

## T.

The following balances are taken out of the Ledgers of Pet  
Scott on 30th June, 1902 —

| <i>Debtors, per Ledger —</i>              |  | £     | s  | d |
|---|--|-------|----|---|
| Sharp & Co                                |  | 36    | 12 | 9 |
| Heaton's Ltd                              |  | 65    | 19 | 6 |
| Biay & Sons                               |  | 106   | 9  | 3 |
| Brooke Bros                               |  | 76    | 5  | 3 |
| Lord & Co                                 |  | 378   | 12 | 9 |
| <i>Creditors, per Ledger —</i>            |  |       |    |   |
| Kew & Co                                  |  | 23    | 5  | 6 |
| Clive & Sons                              |  | 89    | 3  | 3 |
| Bayham Ltd                                |  | 132   | 9  | 9 |
| Forrest & Hill                            |  | 65    | 17 | 6 |
| <i>Other Balances —</i>                   |  |       |    |   |
| Capital a/c                               |  | 1,763 | 19 | 6 |
| Property a/c                              |  | 1,000 | 0  | 0 |
| Horses, vans, and harness                 |  | 65    | 3  | 6 |
| Horse keep a/c                            |  | 40    | 9  | 6 |
| Wages a/c                                 |  | 594   | 3  | 3 |
| Discount a/c (Dr )                        |  | 27    | 10 | 6 |
| Office expenses                           |  | 116   | 13 | 3 |
| Rates, taxes, and insurance a/c           |  | 79    | 3  | 6 |
| Gas and water a/c                         |  | 49    | 10 | 9 |
| Repairs a/c                               |  | 65    | 13 | 3 |
| Machinery and plant                       |  | 520   | 17 | 3 |
| Fixtures and fittings a/c                 |  | 85    | 9  | 9 |
| Stock, Jan 1st, 1902, a/c                 |  | 430   | 8  | 6 |
| Rent received a/c                         |  | 25    | 0  | 0 |
| Sales a/c                                 |  | 3,463 | 19 | 6 |
| Fuel a/c                                  |  | 85    | 3  | 6 |
| Purchases a/c                             |  | 1,819 | 16 | 3 |
| Returns inwards a/c                       |  | 89    | 3  | 9 |
| Returns outwards a/c                      |  | 43    | 6  | 6 |
| Printing, stationery, and advertising a/c |  | 34    | 14 | 9 |
| Carriage a/c                              |  | 40    | 11 | 6 |
| Travelling expenses a/c                   |  | 239   | 11 | 3 |

The Cash Book showed £445 10s 9d due to the Bank and £4 8s 9d  
in hand The stock on hand, 30th June, 1902, was £759 6s 3d  
Prepare Balance Sheet, 30th June, 1902, and Profit and Loss Account



# QUESTIONS

FROM THE

## VOLUNTARY EXAMINATIONS OF THE COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE

- - - - -

1 — Explain what is meant by the—Balance of an Account, Credit Note, Post dated Cheque, Impersonal Account, state the particulars required to be shown upon an Invoice and upon a Receipt

2 - A Corn Merchant buys 100 quarters of Wheat at 30s per quarter, and pays carriage 6d per quarter. He also buys 60 quarters Wheat at 31s 6d delivered free. He sells 156 quarters at 32s (less 12s allowance), the remaining 4 quarters become damaged and worthless. Make out an Account showing the Profit or Loss

3 — Describe the method of entering and posting the Sales Day Book and give an example with full details of three transactions

4 —The Stationery Co Ltd, Royal Square, Darlington, sell the following goods to Marshall Bros, 125, Cross Street, Barnard Castle and the goods are invoiced daily 1902—April 7th, 2 reams of Foolscap at 16s 6d, April 7th, 10 lbs of Vellum Note at 8d April 7th, 4 doz Commercial Pens at 2s 6d a gross, April 9th, 6 bottles of Ebony Ink at 8d, April 18th, 250 Medium Envelopes, No 087, at 2s 4d per 100 April 21st, 1 Cash Book 5s 6d, 2 Ledgers at 6s 6d, April 29th,  $\frac{1}{2}$  ream absorbent Blotting at 12s 6d On April 10th Marshall Bros remit us prior 10s less than the amount owing to that date

Write out the Invoice of April 7th, and the Monthly Statement which would be sent to Marshall Bros on April 30th

5 —A Trader supplies Articles to customers "on approval for seven days" Describe a method of entering such transactions —

(1) When the Customer purchases the Article

(2) When the Customer returns the Article

6 —On 1st January, 1903, Emmanuel Goldman advances £200 to Rodney Stone at 10s per cent per month interest. The following transactions occur —Feb 1st, R S repays £50, March 1st, R S repays £80, April 1st, E G advances £100, May 1st, R S sells to E G goods value £60, June 1st, R S repays £40 On June 30th R S pays to E G a sum equal to the balance owing by him, after allowing 2½% Discount on the Goods sold interest, at the same rate as on the first item, is to be charged and allowed each item

Re Emmanuel Goldman to Rodney Stone

7 --A Book keeper writes out the Invoices of Goods sold, enters total amount in the Customer's Account in the Ledger, and despatches the Invoice to the Customer (keeping a rough note of the particulars on loose sheets of paper) At the end of the week he writes up his Day Book

Suggest any improvement on this method, and give your reasons

8 --Describe fully three methods of dealing with Credit Purchases

9 - A Merchant buys Produce at £5 per ton, less 10% Discount The waste of Stock before selling is 5% At what price per cwt must he sell the Goods in order to show a profit of 20% on sale price?

10 --Enter in Journal the following transactions of a Quarry Owner

- Jan 1 Bought Stone Breaking Machine from Smith Bros, £150
- „ 5 Sold 2 old Wagons for Cash, £15
- „ 8 Gave Granite Slabs in exchange for Horse and Cart value £30
- „ 11 Received from Wadman & Co a Portable Engine worth £40 in settlement of a debt due from them
- „ 13 Gave Smith Bros Cash £30, Steam Boilers worth £50, and Stone value £70, in payment of amount owing

11 --Describe what is meant by Stock taking how often should this be done, and what is the object of it?

12 --A Tradesman wishes to keep his Accounts in a complete form from 1st July, 1902 At present he has a Book containing particulars of goods sold on credit, and when the Customer pays an account the entry in this book is crossed out No other books are kept He buys goods on credit, has a Banking Account, and files his invoices and cleared accounts Describe the steps he should take to commence a proper system of Book keeping on 1st July, 1902

13 --State the precise effect of the following errors in a set of books --

- (a) Sold Day Book, over added £100
- (b) Discount Column (Dr side of Cash Book) under added 10s
- (c) Goods sold £181 6s, posted to Customer's Ledger account as £18 1s 6d

# VOLUNTARY EXAMINATIONS OF THE COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE

## First Stage Examination Paper, 1905

(Time Allowed, 3 hours )

1 —Enter the following transactions of Arthur Earby in Cash B using columns for Discount, Office, and Bank) and show balance 1st January, 1905

|     |    |  |
|-----|----|--|
| Dec | 31 | Amount in Bank, £148 6s 9d , and in hand £5 16s 8d                       |
| Jan | 2  | Paid to Petty Cashier, £1  |
| „   | 3  | Received from Hall & Co , £4 15s , Discount 5s                           |
| „   | 7  | Cash Sales, £46 18s 9d   |
| „   | 7  | Paid Wages, £4 3s 6d   |
| „   | 7  | Paid into Bank, £35  |
| „   | 9  | Paid Sharp Bros , by Cheque, £36, Discount £4                            |
| „   | 9  | Paid Fire Insurance by Cheque, £3 15s                                    |
| „   | 11 | Received from Wilson & Son and Paid to Bank, £24 7s 6<br>Discount 12s 6d |
| „   | 14 | Paid Wages, £3 18s 6d  |
| „   | 14 | Cash Sales, £42 3s 2d  |
| „   | 14 | Paid into Bank, £50  |
| „   | 17 | Received from R Jacobs & Co , £2 17s , Discount 3s                       |
| „   | 18 | Paid Carter & Son, by Cheque, £117 10s , Discount £3 5s 6d               |
| „   | 21 | Cash Sales, £45 9s 1d  |
| „   | 21 | Paid Wages, £4 6s  |
| „   | 21 | Paid into Bank, £38  |
| „   | 23 | Paid Draper Bros , £8 15s , Discount 5s                                  |
| „   | 23 | Drew from Bank for Office, £10   |
| „   | 24 | Received from Benj Bates and paid to Bank, £33 5s , Discount<br>£1 15s   |
| „   | 28 | Paid Wages, £4 8s 6d   |
| „   | 28 | A Earby withdraws, by Cheque, for private expenses, £5                   |
| „   | 30 | Paid into Bank, £34  |
| „   | 30 | Received from Mason & Co , £31 15s 6d                                    |

2 Two Customers, Thos Archer and Wm Booth, have dealings with Wilson & Co on the following terms --

|  |               |
|--|---------------|
| Goods paid for within 1 calendar month | 3½ % discount |
| „ „ „ 3 „ months                       | 2½ % „        |

Prepare the Account as in Dawson & Co's Ledger

| 1904 |    |  | £  | s  | d |
|------|----|--|----|----|---|
| Nov  | 11 | Thos Archer buys Goods                       | 22 | 15 |   |
| "    | 16 | " returns Goods                              | 2  | 15 |   |
| "    | 25 | " buys Goods                                 | 18 | 19 |   |
| Dec  | 1  | " pays Cash                                  | 19 | 5  |   |
| "    | 3  | " buys Goods                                 | 26 | 13 | 1 |
| "    | 9  | " pays Cash                                  | 12 | 0  |   |
| "    | 15 | " " " "                                      | 31 | 19 |   |
| "    | 23 | Wm Booth buys Goods                          | 40 | 0  |   |
| "    | 29 | Thos Archer " "                              | 45 | 10 |   |
| 1905 |    |  |    |    |   |
| Jan  | 16 | Wm Booth returns Goods                       | 5  | 0  |   |
| "    | 18 | Thos Archer buys Goods                       | 12 | 4  |   |
| Feb  | 15 | " " " "                                      | 19 | 5  |   |
| "    | 16 | Wm Booth " "                                 | 20 | 0  |   |
| "    | 27 | Thos Archer pays Cash                        | 44 | 7  |   |
| Mar  | 14 | " buys Goods                                 | 26 | 0  |   |
| "    | 31 | Both customers pay the amounts owing by them |    |    |   |

3 A Sales Day Book contains the following -

1905

Jan 3 Jas Fairfax & Sons, Hull

|                               | £     | s  | d | £  | s | d |
|-------------------------------|-------|----|---|----|---|---|
| 20 yds Black Cloth at 5s 3d   | 5     | 15 | 0 |    |   |   |
| 3½ doz Windsor Lace at 9s doz | 1     | 11 | 6 |    |   |   |
| 15 Silk Wrappers at 3s 6d     | 3     | 12 | 6 |    |   |   |
| Box                           | 0     | 1  | 6 |    |   |   |
|                               | <hr/> |    |   | 13 | 0 | 6 |

After the Book is added up to the end of January it is discovered that there are errors in these figures. How should they be corrected? How should such errors be guarded against?

4 Explain the meaning of -

A Credit Sale,  
Posting,  
Returned Cheque,  
Balance Sheet,  
Profit

5 On which side in the Ledger would you expect to find a Balance Capital Account, Business Premises Account, Wages Account, Discount

## First Stage Examination Paper, 1906

(Time allowed, 3 hours )

1 William Heath commences business on 1st Jan, 1906, with Capital £50 His transactions are

|     |    |   |
|-----|----|---|
| Jan | 1  | Paid for goods bought this day, £15                                   |
| "   | 2  | Bought and paid for Hand cart, £2 10s                                 |
| "   | 3  | Bought goods of R Valley & Co, £13 10s                                |
| "   | 4  | Bought goods of J Dale & Co, £26 10s 3d                               |
| "   | 5  | Sold goods to J W Moore, £2 14s 6d                                    |
| "   | 6  | Sundry Cash Sales, £8 4s 2d   |
| "   | 9  | Bought goods of J Dale & Co, £14 10s 8d                               |
| "   | 9  | Goods sold to T Hill & Son, £3 10s                                    |
| "   | 10 | Goods sold to J W Moore, £1 9s 3d                                     |
| "   | 11 | Bought goods of J W Moore, £4   |
| "   | 13 | Sundry Cash Sales, £7 12s 5d  |
| "   | 16 | Sold goods to Chas Fenn, 18s 6d                                       |
| "   | 16 | Sold goods to J W Moore, £2 6s 5d                                     |
| "   | 17 | Bought goods of J Dale & Co, £12 6s 4d                                |
| "   | 20 | Sundry Cash Sales, £9 5s 4d   |
| "   | 20 | Paid R Valley & Co amount of their a/c less $2\frac{1}{2}\%$ Discount |
| "   | 20 | Paid J Dale & Co £40, Discount £1 0s 11d                              |
| "   | 23 | Sold goods to J Dale & Co, £1 5s                                      |
| "   | 24 | Sold goods to J W Moore, £1 4s 10d                                    |
| "   | 26 | J W Moore pays balance of a/c less Discount 3s 9d                     |
| "   | 27 | Sundry Cash Sales, £8 9s 1d   |
| "   | 31 | Paid Rent £3 6s 8d, Wages £6 10s                                      |
| "   | 31 | W Heath withdraws Cash for private use, £3                            |

Enter up the Bought and Sold Day Books, Cash Book, and Ledger; prepare Trial Balance 31st January, 1906

2 State (as fully as you can) the particulars which should appear in a entry in the Sales Day Book

Explain how the Bank Account may be kept, without its appearing a Ledger Account

3 A merchant has in stock at the end of his financial year 144 yard cloth which cost him 3s 4d per yard, less 5% Discount The selling price is 4s 2d per yard, less  $2\frac{1}{2}\%$  Discount 12 yards of the cloth have been damaged and can be sold for 1s per yard At what sum should he value the cloth in his stock taking "

4 A Trader (who has kept no proper accounts) wishes to commence a Book of Books on 1st May, 1906 He has on that date Cash in Bank £100 Stock of Goods valued at £85, and Hy Swift owes him £10 The Trader owes to Carter Bros £5

State fully how he should proceed to open his Books and give the necessary entries

5 On 31st March, 1906, James Robinson's books give the following

### TRIAL BALANCE

|                                      | £            | s        | d        | £           | s        |
|--------------------------------------|--------------|----------|----------|-------------|----------|
| James Robinson, Capital a/c          |              |          |          | 326         | 5        |
| Bank                                 | 153          | 5        | 8        |             |          |
| Goods a/c for Stock, 1st April, 1905 | 246          | 4        | 7        |             |          |
| Hicks & Co                           | 56           | 9        | 2        |             |          |
| Purchases                            | 1757         | 5        | 9        |             |          |
| Discount                             |              |          |          | 24          | 5        |
| Goodyear & Sons                      |              |          |          | 82          | 9        |
| Wages                                | 322          | 1        | 8        |             |          |
| Household Expenses (J Robinson)      | 100          | 0        | 0        |             |          |
| Forrest & Co                         | 3            | 5        | 4        |             |          |
| Rent, Rates, &c                      | 56           | 9        | 7        |             |          |
| Carnshaw & Barnes                    |              |          |          | 2           | 7        |
| General Expenses                     | 24           | 5        | 8        |             |          |
| Airstow & Cox                        | 103          | 3        | 2        |             |          |
| Davidson                             |              |          |          | 14          | 5        |
| Travelling Expenses                  | 26           | 4        | 3        |             |          |
| Charlesworth & Co                    |              |          |          | 10          | 4        |
| Legal Expenses                       | 2            | 5        | 9        |             |          |
| Advertising                          | 32           | 6        | 9        |             |          |
| Rules                                |              |          |          | 2423        | 8        |
|                                      | <u>£2583</u> | <u>7</u> | <u>4</u> | <u>2583</u> | <u>7</u> |

On 31st March, 1906, £264 7s 4d

Prepare Profit and Loss Account and Balance Sheet

### First Stage Examination Paper, 1907

(Time Allowed, 3 hours)

1 On 1st March, 1907, Robert Kelly commences business with £600 as credit of his account at the County Bank. His transactions are

- 1 Bought goods from H. J. Jowett & Co., £158 10s 6d
- 2 Paid Cash for advertisements, £5
- 2 Drew cheque for Petty Cashier (to be accounted for), £10, and Office Cash, £40
- 2 Received from Lidgett & Sons a Horse, Cart, and Harness worth £35 in exchange for Goods £20 and Cash £15
- 4 Sold goods to J. & R. Campbell, £53 6s 8d
- 5 Drew Cheque for Warehouse Furniture, £120
- 5 Bought goods from Lidgett & Sons, £326 19s
- 7 Paid cash for Travelling Expenses, £8 10s
- 7 Received from J. & R. Campbell, cash, £52 allowed Discount £1 6s 8d
- 9 Paid Wages, £12 10s

|     |     |   |
|-----|-----|---|
| Mar | 11  | Bought goods from H J. Jowett & Co , £36 14s 9d   |
| ,,  | 12  | Paid Lidgett & Sons by cheque £320, Discount £6 19s   |
| ,,  | 12  | Bought goods for cash, £85  |
| ,,  | 12  | Drew out of Bank for office cash, £70   |
| ,,  | 13  | Sold goods to J & R Campbell, £24 15s 8d  |
| ,,  | 14  | Paid Cash for Telephone rental, £4 5s   |
| ,,  | 16  | J & R Campbell pay amount owing by them less £1 4s Discount                                       |
| ,,  | 16  | Paid Wages, £16   |
| ,,  | 16  | Two Weeks' Cash Sales, £203 16s 5d  |
| ,,  | 18  | Paid to Bank out of cash, £180  |
| ,,  | 19  | Paid for Warehouse cleaning, £4 15s   |
| ,,  | 19  | Sold goods to Lidgett & Sons, £16 14s 9d  |
| ,,  | 20, | Paid cheque to H J Jowett & Co , £185 10s , Discount £9 15s                                       |
| ,,  | 22  | Bought goods from H J Jowett & Co , £65 3s 8d   |
| ,,  | 23  | Paid Wages, £20   |
| ,,  | 27  | Bought goods from H J Jowett & Co , £45 11s 3d  |
| ,,  | 27  | Sold goods to Lidgett & Sons, £19 13s 3d  |
| ,,  | 30  | Paid Wages, £20   |
| ,,  | 30  | Cash Sales for 2 weeks, £298 6s 5d  |
| ,,  | 30  | Cheque drawn for Petty Cashier's payments for month, £8, v<br>Goods £2 5s , Trade Expenses £5 15s |
| ,,  | 30  | Robert Kelly takes cash for private use, £50  |
| ,,  | 30  | Paid to Bank out of cash, £250  |

Enter up in the proper Books, and prepare Trial Balance 30 March, 1907

2 Describe fully the process of balancing the Cash Book and Bar account. When should this be done, and how often should the Cash be counted?

3 A buys from B goods £51 18s 7d on 3rd Jan , 1907. At the end of February A discovers that B has charged (in this item) for  $10\frac{1}{2}$  yards Cloth at 3s 8d per yard, when the price should have been 3s 2d per yard , and on 14th Feb A sends back to B one piece of Worsted 72 yards, at 4s 8d per yard, as being of wrong shade , this is part of the goods bought on 3rd Jan as above. Give the proper entries which A should make in his Book relating to these transactions

4 Explain the Ledger Index state how it may be specially arranged for speedy reference when the Ledger contains a very large number of accounts

5 What are vouchers? Describe a good system of arranging them

# First Stage Examination Paper, 1908

(Time allowed, 3 hours)

1 Samuel Mason has Cash £100 on 1st Jan, 1908, he buys the business of Argyle Bros (see below) and opens an Account at the Bank paying in £80 His transactions are —

|   | £  | s  | d |
|---|----|----|---|
| 1 Bought Stock from Argyle Bros                                   | 80 | 0  |   |
| 1 Bought Fixtures from Argyle Bros                                | 23 | 0  |   |
| 2 Drew cheque Argyle Bros on a/c                                  | 75 | 0  |   |
| 3 Sold goods to Bartrum & Co                                      | 15 | 0  |   |
| 4 Paid Wages  | 3  | 6  |   |
| 4 Cash takings 1st to 4th   | 12 | 15 |   |
| 6 Paid deposit to Gas Company                                     | 2  | 0  |   |
| 7 Sold goods to Chas Cranford                                     | 3  | 9  |   |
| 9 Bought goods from D Dewar & Sons                                | 36 | 5  |   |
| 11 Cash takings 6th to 11th                                       | 14 | 8  |   |
| 11 Paid Argyle Bros cheque £10 and cash £5                        | 15 | 0  |   |
| 11 Sold goods to Argyle Bros                                      | 4  | 16 |   |
| 11 Paid Wages   | 3  | 12 |   |
| 13 Received cheque from Bartrum & Co and paid to Bank             | 14 | 10 |   |
| 13 Allowed discount to Bartrum & Co                               | 0  | 10 |   |
| 14 C Cranford returns goods                                       | 1  | 19 |   |
| 15 Paid to Bank out of Cash                                       | 15 | 0  |   |
| 16 S Mason withdraws Cash for self                                | 5  | 0  |   |
| 18 Cash takings 13th to 18th                                      | 16 | 10 |   |
| 18 Bought Hand cart for Cash                                      | 3  | 0  |   |
| 18 Paid Wages   | 3  | 12 |   |
| 20 Paid for Handbills printing and distributing                   | 1  | 10 |   |
| 21 Drew cheque for D Dewar & Sons, £35, discount, £1 5s 8d        |    |    |   |
| 21 Paid £16 to Bank out of Cash                                   |    |    |   |
| 22 Sold to Eversley & Co, goods, £16 8s 9d, and Hand cart, £3 10s |    |    |   |
| 24 Bought goods from Ford & Son                                   | 20 | 19 | 3 |
| 25 Cash takings 20th to 25th                                      | 17 | 9  | 8 |
| 25 Bought New Counter for Cash                                    | 3  | 6  | 0 |
| 25 Paid Wages   | 3  | 12 | 0 |
| 27 Received from Eversley & Co £19 18s, discount 9d               |    |    |   |
| 28 Paid Ford & Son cash on a/c                                    | 18 | 0  | 0 |
| 29 Paid Argyle Bros cash £3, cheque £5 discount 3s 4d             |    |    |   |
| 30 Sold goods to Argyle Bros                                      | 8  | 12 | 6 |
| 31 Sold goods to Bartrum & Co                                     | 25 | 9  | 2 |
| 31 Cash takings 29th to 31st                                      | 18 | 12 | 5 |
| 31 Bought goods from Ford & Son                                   | 16 | 14 | 9 |



2 If the following questions were put to you by a Merchant in office where the books are kept on the Double Entry System, how would you proceed to find the information required?

a What was the price of an article purchased by me from Asquith and Sons in the early part of last year?

b How much do Halliday & Co owe me to day?

c How much money is there in the Bank now?

d What are the total Sales from 1st Jan., 1908, up to to day?

3 What entries would you make in your books to record the following transactions?

a James Wing wishing to make a remittance, and having no Bank a/c of his own, gives you £10 in gold for which you give him a cheque on your Banking a/c for £10

b Cashed a cheque for £5 for James Wing

c Sent James Wing £20 worth of goods on approval

d James Wing returns goods sent on approval to value of £14 repaying £6 worth

4 The Petty Cash Book is kept on the Imprest System and has analysis columns for "Goods," "Sundry Expenses," "Carriage," "Stationery and Postage," and "Travelling Expenses."

Enter up in the Petty Cash Book the following payments for March 1908 - 2nd Window Cleaner 2/6 4th, Stamps £1 5th, Car Fares 4½d 6th, Caretaker 5/- 9th, Large Envelopes 1/- 10th, Expenses to Manchester 7/3 11th, Newspapers 3/-, Copy letter book 7/6 13th, Telephone Trunk calls for February 5/9 17th, Telegram 9½d 20th, Railway Guide 1d 21st, Stamps 10/-, Goods 6/11 23rd, Great Northern Railway a/c 15/6 24th, Firewood 3/- 25th, Car Fares 7d 26th, Carrier 2/2 27th, Expenses Liverpool 10/5 28th, Advertisement for Clerk 1/6 30th, Bottle of Ink 3/-, Goods 14/9 31st, Parcel Express Co 11/9

The Petty Cashier keeps a float of £10 and is reimbursed on April 1st by cheque for his payments during March. What records should be made

a The float?

b The cheque for payments during March?

# First Stage Evening School Certificate Examination Paper, 1908

(Time allowed, 2 hours.)

1. Journalise the following transactions of Henry West

6th March, 1908

|   | £   | s  | d |
|---|-----|----|---|
| Bought goods from Barrett & Co          | 20  | 11 | 9 |
| Received cash from F. Hartop & Sons Ltd | 15  | 2  | 4 |
| Paid Wages                              | 19  | 6  | 6 |
| Sold goods to Wade Bros                 | 49  | 1  | 5 |
| Bought goods for cash                   | 129 | 1  | 2 |
| Received cheque from James Somers       | 59  | 0  | 1 |
| and allowed him discount                | 1   | 9  | 2 |
| Paid Plumber cash for Repairs           | 3   | 2  | 6 |
| Sold Brown Horse to C. Green for cash   | 26  | 0  | 0 |
| Bought a Cash Book from Jowett & Co     | 0   | 12 | 6 |
| Withdrew cash for private use           | 10  | 0  | 0 |

What is the meaning of the word 'goods' as used in this question?

2. Enter up in the Cash Book the following transactions of Joseph Teath -

1908

|       |    |                                      |                                       |
|-------|----|--------------------------------------|---------------------------------------|
| March | 2  | Cash in hand                         | £79 2s 3d                             |
| "     | 4  | Paid to Bank                         | £65 0s 0d                             |
| "     | 5  | Received from Williams & Son, cash   | £19 14s 9d, allowed discount 18s 3d   |
| "     | 9  | Paid to John Tannett, cash           | £25 8s 9d, received discount £1 6s 9d |
| "     | 12 | Paid Rent by cheque                  | £10 0s 0d                             |
| "     | 16 | Sold goods for cash                  | £21 6s 9d                             |
| "     | 17 | Paid cash to Bank                    | £20 0s 0d                             |
| "     | 21 | Received from Williams & Son, cheque | £39 2s 4d, allowed discount £2 1s 2d  |
| "     | 24 | Paid Expenses                        | £2 4s 9d                              |
| "     | 25 | Drew out of Bank                     | £20 0s 0d                             |
| "     | 26 | Bought goods for cash                | £10 11s 6d                            |
| "     | 28 | Paid to Bank                         | £40 0s 0d                             |
| "     | 31 | Paid John Tannett by cheque          | £35 11s 1d, received discount 18s 9d  |

Balance off the Cash Book at 31st March, 1908, and bring down the balances

3 Enter up in the Sales Day Book and Purchases Day Book the following transactions of Joseph Heath —

1908

- March 2 Sold to Williams & Son, London, 22 doz Oval Boxes  
10s 6d per doz, 13 gross Square Boxes @ 1s 2d 1  
doz, to Barking Station per G N R
- March 7 Bought from John Tannett, Cardiff, 42 boxes of I C's  
12s 9d each (f o b Wales)
- „ 18 Sold to Williams & Son, London, 60 doz Oblong Boxes  
15s per doz ex Hull depot, per Wilsons
- „ 24 Bought from John Tannett, 80 Boxes of I C's @ 12s 6d each  
(f o b Wales)

4 From the books you have entered up in answer to questions 2 and 3 enter up into the Ledger Williams & Son's a/c and John Tannett's a/c, bringing into the balance of each a/c at 31st March, 1908

5 What is meant by

(a) Credit Note

(b) Petty Cash

(c) Taking out Trial Balance

6 Why does a Merchant have a Banking a/c? What are its advantages and how does it affect the Book-keeping?

# INDEX

|                      | 1      | A | C  | F     |                              |                          | P | A      | C |
|----------------------|--------|---|----|-------|------------------------------|--------------------------|---|--------|---|
| Account              |        |   |    | 12    | Debtor                       |                          |   |        | 1 |
| Allowance            |        |   |    | 62    | Delivery Book                |                          |   |        |   |
| Appio Book           |        |   |    | 53    | Demurrage                    |                          |   |        |   |
| Asset                |        |   |    | 12    | Depreciation                 |                          |   |        |   |
| Assignment           |        |   |    | 1     | Discount                     |                          |   | 6      |   |
| Audit                |        |   |    | 1     | Dividend                     |                          |   |        |   |
|                      |        |   |    |       | Double Entry                 |                          |   | 2      |   |
| Bad Debt             |        |   |    | 1     | Errors in Balancing          |                          |   | 3      |   |
| Balance              |        |   |    | 14    | Examination Questions follow |                          |   | 102    |   |
| Balance Sheet        | 42     |   | 43 |       | Exchangeable Value           |                          |   | 1      |   |
| Balancing Cash       |        |   |    | 65    | Exercises,                   | 16, 23, 29, 34, 39, 44   |   |        |   |
| Bank Account         |        |   |    | 76    |                              | 55, 61, 66, 74, 75, 81   |   |        |   |
| Bankrupt             |        |   |    | 1     |                              | 82, 86, 99, 100, 101, 10 |   |        |   |
| Book keeping         |        |   |    | 1, 12 | Factor                       |                          |   |        |   |
| Bought Book          |        |   |    | 56    | Firm                         |                          |   | 2      |   |
| Bought Day Book      |        |   |    | 56    | Folio                        |                          |   | 36     |   |
| Broker               |        |   |    | 1     |                              |                          |   |        |   |
| Broker's Invoice     |        |   |    | 7     | Goods Account                |                          |   | 20     |   |
| Business             |        |   |    | 1     | Goodwill                     |                          |   | 2      |   |
|                      |        |   |    |       | Gross Profit                 |                          |   | 2      |   |
| Capital              |        |   |    | 12    | Guard Book                   |                          |   | 57     |   |
| Capital Account      |        |   |    | 33    |                              |                          |   |        |   |
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